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# Report of the International Civil Service Commission for the year 2014

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*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## Abbreviations

| | |
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| CCISUA | Coordinating Committee for International Staff Unions and Associations of the United Nations System |
| CEB | United Nations System Chief Executives Board for Coordination |
| FAO | Food and Agriculture Organization of the United Nations |
| FICSA | Federation of International Civil Servants' Associations |
| IAEA | International Atomic Energy Agency |
| ICAO | International Civil Aviation Organization |
| ICSC | International Civil Service Commission |
| IFAD | International Fund for Agricultural Development |
| ILO | International Labour Organization |
| IMO | International Maritime Organization |
| ITU | International Telecommunication Union |
| UNAIDS | Joint United Nations Programme on HIV/AIDS |
| UNDP | United Nations Development Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNFPA | United Nations Population Fund |
| UNHCR | Office of the United Nations High Commissioner for Refugees |
| UNICEF | United Nations Children's Fund |
| UNIDO | United Nations Industrial Development Organization |
| UNISERV | United Nations International Civil Servants Federation |
| UN-Women | United Nations Entity for Gender Equality and the Empowerment of Women |
| UPU | Universal Postal Union |
| WFP | World Food Programme |
| WHO | World Health Organization |
| WIPO | World Intellectual Property Organization |
| WMO | World Meteorological Organization |

## Glossary of technical terms

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| Average | Context: United States federal civil service/United Nations system salary comparisons. A single number representing a set of numbers, computed such that it is not smaller than the smallest or larger than the largest number in that set. |
| Base/floor salary scale | For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale. |
| Common scale of staff assessment | Scale used for adding taxes to the pensionable remuneration scale for both Professional and General Service categories of staff; rates are derived from average taxes at the eight headquarters duty stations. This is different from the tax assessment rates used in conjunction with the Tax Equalization Fund. |
| Comparator | Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "highest paid civil service" and "Noblemaire principle". |
| Competencies | A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work. |
| Consolidation of post adjustment | The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment multiplier points at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff. This method of implementation, referred to as "no gain/no loss", results in no change in take-home pay for staff and produces no additional costs related to salary for the organizations. |
| Contributory service | All United Nations common system staff members meeting certain criteria participate in the United Nations Joint Staff Pension Fund and contribute a percentage of their pensionable remuneration to the Fund. The period over which this contribution is made is termed "years of contributory service". |

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| Cost-of-living differential | In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above. |
| Danger pay | Danger pay is a special allowance established for internationally and locally recruited staff who are required to work in locations where very dangerous conditions prevail. |
| Dependency rate salaries | Net salaries determined for staff with a primary dependant. |
| Federal Employees Retirement System | Defined contribution scheme for employees of the United States federal civil service hired in 1984 and thereafter. |
| Flemming principle | The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions. |
| General Schedule | A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees. |
| Group I duty stations | Countries with convertible currencies and where out-of-area expenditures reported by staff members account for less than 25 per cent of the total expenditures. |
| "H" duty stations under the mobility and hardship scheme | Headquarters locations and locations where there are no United Nations developmental or humanitarian activities or locations that are in countries which are members of the European Union. |
| Headquarters locations | Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne. |
| Highest paid civil service | Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "comparator" and "Noblemaire principle". |
| Income inversion | Context: comparison of gross salaries (pensionable remuneration) of General Service staff with the pensionable remuneration of the Professional staff. The phenomenon relates to situations where the same or lower net remuneration received by staff in one category leads to a pensionable remuneration higher than that of staff from another category receiving the same or higher net remuneration. |

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| Income replacement ratio | The ratio of pension to average net salary received during the same three-year period used in the determination of the pension benefit. |
| Interim adjustment | Context: pensionable remuneration. Adjustment to pensionable remuneration amounts between comprehensive reviews. |
| Net remuneration | Base/floor plus post adjustment. |
| Net remuneration margin | The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington is the net remuneration margin. The calendar/annual net remuneration margin relates to a given calendar year, while the average margin relates to the average of the net remuneration margins over a given five-year period. |
| Non-family duty stations | Duty stations where the Department of Safety and Security of the United Nations Secretariat decides that for reasons of safety and security all eligible dependents are restricted from being present at the duty station for a period of six months or longer. |
| Non-pensionable component | Context: General Service pensionable remuneration. Some outside employers used in General Service salary surveys pay, in addition to gross salaries, a number of allowances and fringe benefits, some of which they consider as "non-pensionable", that is, not taken into account in determining the retirement benefits of their employees. Those are added together to arrive at the "non-pensionable component". The sum of all "non-pensionable" elements is expressed as a percentage of net salary, which is reduced by the applicable threshold to arrive at the "non-pensionable component". |
| Noblemaire principle | The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "comparator" and "highest paid civil service". |
| Pensionable remuneration | The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund. Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement. |
| Performance management | The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources. |

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| Place-to-place survey | Survey carried out as part of the process of establishing a post adjustment index. It compares living costs between a given location and the base city, New York, at a specified date. |
| Post adjustment index | Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date. |
| Post adjustment classification | Classification of a duty station that is based on the cost of living index. It is expressed in terms of multiplier points. For example, staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay. |
| Separation payments | Upon separation from service, staff may receive compensation for one or more of the following: accumulated annual leave, repatriation grant and termination indemnity. Death grant is payable to the survivor of a staff member. |
| Single rate salaries | Net salaries determined for staff without a primary dependant. |
| Special pay systems | Under the salary system for the United States federal civil service, staff of some federal agencies or in specific occupational groups may be paid according to pay scales applicable to those agencies or occupations, as appropriate. These pay scales, known as special pay systems, are used, inter alia, in cases of demonstrated recruitment and retention difficulties. |
| Staff assessment | Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries. |
| Tax abatement | In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents, etc.) in the tax systems of a number of countries. |
| Tax Equalization Fund | A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members. |

# Letter of transmittal

## Letter dated 19 August 2014 from the Chair of the International Civil Service Commission addressed to the Secretary-General

I have the honour to transmit herewith the fortieth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

(*Signed*) Kingston P. **Rhodes**
Chair

## Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

| *Paragraph reference* | |
|---|---|
| | **A. Conditions of service applicable to both categories** |
| | **1. Health insurance** |
| 91 | The Commission decided to recommend to the General Assembly that the current apportionment of health insurance premiums between the Organization and both active and retired staff in United States and non-United States health insurance plans be maintained at their existing ratios. |
| | **2. Mandatory age of separation** |
| 119 | The Commission decided to inform the General Assembly that it had conducted the required analysis on workforce and succession planning and all relevant human resources policies, including performance management and appraisal, rejuvenation, gender balance and equitable geographical representation across the United Nations common system. |
| | **B. Remuneration of the Professional and higher categories** |
| | **1. Base/floor salary scale** |
| 157 and annex III | The Commission recommends to the General Assembly, for approval with effect from 1 January 2015, the revised base/floor salary scale for the Professional and higher categories, as shown in annex III to the present report. |
| | **2. Evolution of the United Nations/United States net remuneration margin and margin management around the desirable point** |
| 171 and 172 | The Commission decided to report to the General Assembly that the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, D.C., for the calendar year 2014 amounted to 117.4 and its five-year (2010-2014) average amounted to 116.4, which was above the desirable midpoint of 115. |
| | The Commission further decided to report that the normal procedure for management of the margin within the established range would be suspended until further notice and that the freeze in net remuneration in New York would be continued until such time that the margin had been brought back to its desirable midpoint. |

## Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

| *Paragraph reference* | |
|---|---|
| | **Conditions of service of the General Service and other locally recruited categories** |
| 204 and annex V | As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted the surveys of best prevailing conditions of employment for the General Service staff in Madrid and recommended the resulting salary scale to the executive heads of the Madrid-based organizations, as shown in annex V. |

## Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

| *Paragraph reference* | |
|---|---|
| | **A. Conditions of service applicable to both categories** |
| | **B. Remuneration of the Professional and higher categories** |
| | **Base/floor salary scale** |
| 152 | The financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale, as shown in annex III to the present report, were estimated at approximately $509,000 per annum, system-wide. |
| | **C. Remuneration of the General Service and other locally recruited categories** |
| | **Survey of best prevailing conditions of employment for General Service and related categories in Madrid** |
| 205 | The financial implications of implementing the recommended salary scale for the General Service and related categories in Madrid-based organizations were estimated at approximately $110,000 per annum. |

# Chapter I
# Organizational matters

## A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ...".

2. To date, 14 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

## B. Membership

3. The membership of the Commission for 2014 is as follows:

*Chair*

Kingston P. Rhodes (Sierra Leone)*

*Vice-Chair*

Wolfgang Stöckl (Germany)***

*Members*

Marie-Françoise Bechtel (France)*
Larbi Djacta (Algeria)**
Minoru Endo (Japan)***
Carleen Gardner (Jamaica)*
Sergei V. Garmonin (Russian Federation)**
Luis Mariano Hermosillo (Mexico)***
Aldo Mantovani (Italy)***
Emmanuel Oti Boateng (Ghana)*
Mohamed Mijarul Quayes (Bangladesh)**
Curtis Smith (United States of America)***
Xiaochu Wang (China)**
Eugeniusz Wyzner (Poland)*
El Hassane Zahid (Morocco)**

* Term of office expires 31 December 2014.

** Term of office expires 31 December 2016.

*** Term of office expires 31 December 2017.

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA, UNIDO, World Tourism Organization and the International Seabed Authority.

[2] IFAD.

## C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2014, the seventy-eighth, which took place from 17 to 28 March 2014 at United Nations Headquarters in New York, and the seventy-ninth, which took place from 21 July to 1 August at the IFAD headquarters in Rome.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

## D. Programme of work of the Commission for 2015-2016

6. The programme of work of the Commission for 2015-2016 is contained in annex I to the present report.

# Chapter II
## Reporting and monitoring

### Resolutions and decisions adopted by the General Assembly at its resumed sixty-eighth session relating to the work of the Commission

7. The Commission considered a note by its secretariat on resolutions and decisions adopted by the General Assembly relating to the work of the Commission. The Commission was informed that the discussions in the General Assembly on the thirty-ninth annual report of the Commission (A/68/30) had been intense, engaging and driven by concerns about the financial situation of Member States and common system organizations. The discussions in the Fifth Committee had focused mainly on the review of the common system compensation package, mandatory age of separation and the evolution of the United Nations/United States net remuneration margin. After having concluded its review of the Commission's report, the General Assembly adopted resolution 68/253 on 27 December 2013.

#### Discussion in the Commission

8. The Co-Chair of the Human Resource Network, while thanking the secretariat for the update on what had transpired at the meetings of the Fifth Committee, noted the decisions of the General Assembly to request the Commission to actively manage the margin using established margin management procedures, and to refrain from increasing any of the allowances under its purview until the present review had been submitted to the Assembly for consideration. It further noted the request from the Assembly to ensure the comparability of the total compensation package, including all monetary and non-monetary elements, under the Noblemaire principle. In this regard, the Human Resources Network of CEB was of the view that further guidance was needed from the Commission on the allowances that would be subject to a freeze and those considered as monetary or non-monetary in order to ensure that a fact-based, objective and dependable comparison was carried out. It reiterated that robust methodologies should be developed and that any assumptions taken would need to be clearly documented and dependable. The Co-Chair added that the current interpretation of the Noblemaire Principle by the General Assembly would make the task at hand extremely difficult, since a comparison to United States Civil Service Staff in Washington, D.C., did not lend itself at all to a comparison of necessary expatriate benefits of staff in the United Nations common system.

9. The representative of CCISUA thanked the secretariat for its presentation and expressed disappointment in the manner in which the Noblemaire Principle was being misinterpreted. The staff federation was of the view that the existing practice of comparison with the highest paid national civil service should be continued and that the post adjustment mechanism should be allowed to function normally, allowing for fluctuations over time; this would be the only way to attract the best and the brightest individuals to the organizations. Regarding the other issues mentioned in the report, it was the federation's strong belief that the methodologies which were developed over the years had proven to be solid and should continue to be applied. It also expressed disappointment that the increase in mandatory age of separation for currently serving staff had not been approved. Regarding the General Assembly's request to the Commission to review the apportionment of health

insurance premiums, CCISUA expressed concern that this was being done at a time when other related issues were being studied.

10. The representatives of FICSA and UNISERV supported the statement made by the representative of CCISUA.

11. Some members of the Commission requested further clarification on a number of items relating to decisions taken by the General Assembly. In referring to the review of the common system compensation package, they requested clarification on the elements of compensation to be considered as monetary and non-monetary; they also enquired about the allowances which would be frozen while the review was being conducted. Regarding the review of health insurance premiums, members of the Commission requested further information on the nature of the review and added that any such review should be done in consultation with the United Nations Joint Staff Pension Fund, and other stakeholders including the Federation of Associations of Former International Civil Servants.

12. In responding to their queries, members of the Commission were assured that further information regarding the review of the common system compensation package would be provided during the discussion of the item in accordance with the agenda. Participants were also reminded of the Secretary-General's statement, in which he referred to an innovative, modern and straightforward model. Some Commission members emphasized the preservation of acquired rights of currently serving staff and expressed appreciation with regard to the progress made in the conduct of the review. Regarding the review of the apportionment of the health insurance premium, Commissioners were informed that the General Assembly had also requested the Pension Fund as well as the United Nations to review other aspects of the health insurance scheme.

**Decision of the Commission**

13. The Commission decided to take note of General Assembly resolution 68/253.

# Chapter III
# Conditions of service applicable to both categories of staff

## A. Review of the common system compensation package

### 1. Key findings of the global staff survey

14. As part of the comprehensive review of the common system compensation package, a global staff survey, open to all staff in all categories and in all locations, had been organized by the ICSC secretariat in order to obtain the perspective of the staff in the areas of concern linked to both compensation and performance management issues. The key findings of the staff survey, which included data from approximately 14,000 responses, were presented to the Commission at its seventy-eighth session.

15. While the preliminary reports were prepared for the entire population of respondents in order to gather the overall perceptions of staff members and see trends in general, the key findings were also provided for the respondents in the Professional and higher categories of staff (46 per cent of total responses), since the current comprehensive compensation review was focused on the compensation package applicable to that category of staff.

16. The survey had been developed in consultation with the organizations and staff representatives and was carried out by an external company specialized in survey design; this would ensure confidentiality and anonymity of responses. It had been open for responses from 14 October to 8 November 2013. This was the second time that the ICSC had conducted a global staff survey. The first such survey was conducted in 2008 and had focused on recruitment and retention issues.

17. Overall, 14,000 responses were received, which represents a response rate of 14 per cent. Once the data were validated, 13,758 responses were retained for analysis, representing a response rate of over 13 per cent. In statistical terms, a sample of that size offers results considered to be an accurate estimate of the United Nations common system staff population to 1 per cent at a 95 per cent confidence level.

18. In terms of the design, the survey included questions related to: (a) engagement; (b) overall views about current compensation; (c) joining/recruitment; (d) retention; (e) mobility; (f) allowances and benefits; (g) career progression and performance; and (h) two open questions where respondents could provide their comments, opinions and suggestions about the current compensation system and how it might be adjusted in the future.

19. The survey generated a rich amount of data offering insight into the perceptions of staff members about the United Nations compensation system. The initial data analysis provided information which was deemed useful in the working group discussions on the compensation review.

20. The key findings of the survey were that the overall level of engagement among the United Nations common system staff members was high, with 85 per cent feeling engaged, and that the mandates of the organization and the compensation package emerged as the main motivating factors. Furthermore, staff members indicated that the main reasons for joining the common system were the opportunity to use skills and

competencies, a strong belief in the goals and objectives, and challenging work. Salary ranked as the eighth reason for joining the common system.

21. About a half of the respondents (49 per cent) expressed positive overall views regarding the current compensation package, and a little over a half of the respondents (53 per cent) felt that their overall compensation package was fair for the contribution they made in their particular job. The respondents expressed that they would like to see stronger links between pay and individual performance as well stronger links between career progression and individual performance.

22. The two top reasons indicated by staff who stated that they would like to, or intended to leave, were the lack of opportunities for career progression and promotion and the lack of reward for individual performance. The survey also revealed that the engagement among this subgroup of approximately 7 per cent was significantly lower (70 per cent).

23. In essence, the key findings indicated that compensation was not a problem per se; however, how staff members' contributions were recognized was a concern. It emerged that pay was an important factor but that attention had to be paid to ensuring staff growth and development and on recognizing their performance. According to perceptions expressed through the staff survey, more should be done in respect of valuing high performance and addressing underperformance.

### 2. Findings from consultations with executive heads and human resources directors

24. As part of the comprehensive review of the compensation package, the views of the executive heads and human resources directors of 18 United Nations common system organizations, specialized agencies and funds and programmes were sought. A series of 5 questions was asked of the executive heads and a more detailed set of 19 questions was asked of human resources directors. Responses were obtained through a series of interviews carried out by a consultant accompanied by the Chair or Vice-Chair of ICSC.

25. The key findings from these consultations were presented to the Commission following the presentation of the key findings from the global staff survey. A challenge mentioned frequently by the executive heads was ensuring that the organizations had the technical capacity to fulfil the ever increasing and more complex mandates being assigned to them in the current financial climate. Recruiting and retaining high calibre staff was considered essential in this regard, as was the need to ensure and boost staff morale, especially for staff serving in difficult duty stations.

26. Another challenge facing the organizations was in the finance/budget area. The executive heads called for flexibility while underlining the need to maintain a common core with some limited discretionary flexibility granted to them. According to the executive heads, many of the systems and procedures in place, including the compensation system, were considered to be too rigid and cumbersome. A need to review the salary structure to address some important issues such as salary compression, the number of steps in a particular grade and similar technical matters was also mentioned.

27. By and large, the consultations revealed that there were no recruitment problems in general, but that some specific problems existed in attracting staff for certain levels, locations or occupational groups. The executive heads and human resources directors called for simplification and regrouping of allowances and a

closer link between pay and performance. The challenge of applying a single set of conditions of service to all common system organizations, each with different mandates, geographical locations and needs for specialist talent was also noted.

28. Some suggestions for improvement were made by the executive heads in relation to what they would like to see in a revised compensation system. In general, they stressed that such a system should be competitive and easy to explain and administer and should be aimed at rewarding performance and encouraging mobility. They also expressed the desire for more flexibility on compensation issues, particularly in the areas of recruitment and performance recognition. They explained the difficulties encountered in filling highly specialized positions that were considered essential to the organization. Furthermore, they expressed their concern that the organization did not have a system that encouraged and rewarded high performance of staff as well as mobility.

**Discussion in the Commission**

29. The Human Resources Network welcomed the general information made available through the global staff survey and expressed keen interest in receiving results by organization, including breakdowns by duty stations and grade levels. With regard to the use of data presented for the purpose of the compensation review, the Network was of the view that it was important to only consider at the present time the results for staff in the Professional and higher categories, while the results for other staff categories would be used in the discussion on their compensation packages as foreseen in a second phase of the review.

30. The Network also expressed the wish that the time for consultation with the organizations on the survey design had not been so short but it was aware of the tight deadline under which the ICSC secretariat had to operate. Nevertheless, the Network expressed a view that due care and prudence needed to be exercised in the interpretation of the survey results for compensation purposes, since the survey provided some good generic indications but not answers to all specific matters related to compensation.

31. The Network also took note of the findings from consultations with executive heads and human resources directors, highlighting that the executive heads of all United Nations system organizations had expressed their unanimous views on the compensation review in a statement by the High-level Committee on Management on the matter, which should therefore form an essential part of the discussion.

32. The representatives of FICSA, CCISUA and UNISERV expressed concerns about the methodology for undertaking such a survey and believed that they should have been more involved in the survey preparation and the structure of the questionnaire. They recalled that all three staff federations had requested ICSC to withdraw the staff survey with a view to reissuing it after agreement on the modalities and scope had been reached.

33. The staff representatives further stated that they considered a response rate of 14 per cent to be too low to draw conclusions about such critically important topics and that the survey results should not be used to make decisions that would deeply affect all common system staff. The staff representatives were of the opinion that further analysis of the current survey replies would only compound the errors and distortions.

34. The Commission appreciated the detailed presentation of the survey results and underscored that the exercise of the compensation review was extremely complex, requiring information from different sources. One important source was the views of the staff members who are the most important asset of the organizations; without their views the Commission would not be able to carry out their mandates.

35. The Commission considered the survey to be very useful, offering information on a number of elements that could help to shape further work on the compensation review. Any organization needed to review itself constantly. The global staff survey was seen as an important source of information that was deemed very useful in this regard, as it had brought to light many views and perceptions that were not known before. It was noted that staff members were highly engaged and wanted to grow, develop and have an opportunity to be more involved and influence decisions.

36. The overall response rate of 14 per cent was discussed at length and the chief statistician from the ICSC secretariat was asked to explain whether the sample was representative enough and to confirm its statistical validity. Following data analysis, statistical tests and bias analysis, it was confirmed that a sample of 14,000 respondents was large enough to mirror the total population of the United Nations common system at the 95 per cent confidence level. Therefore the survey results could be used to measure trends at that particular point in time when the survey was conducted. The breakdown of responses corresponded to the breakdown of the staff in the common system confirming the validity of the survey results.

37. It was pointed out that these were the preliminary results from the survey as a whole and that as further analysis was carried out on specific elements of the survey which represented a smaller subset of the entire sample, caution should be exercised so as not to draw general impressions based on small subgroups from the overall sample of 14,000 respondents. In summary, the Commission considered the sample size to be sufficient to render the results useful for its deliberations. It was recalled that the global staff survey which the ICSC secretariat had carried out in 2008 had 15,000 responses and that its results had been accepted as a valid data source.

38. A representative of WFP provided some operational context, confirming that the high level of staff engagement that emerged from the survey was believable, highlighting that one third of its staff was serving in some of the most difficult duty stations. The WFP representative stated that the high level of engagement could be attributed to the mandates of the organizations, but also to the fact that the organizations invested in the conditions of service of staff members. The organizations had a responsibility to provide good conditions of service so that staff members need not choose between their interests and their values, knowing that the organizations took care of them and their families, particularly in the most difficult duty stations. While the survey results did not reveal the compensation element as being the most important factor for staff members, it was considered important to note that the delicate balance that had been struck between compensation and non-compensation elements enabled staff to focus on the mandate, knowing that their compensation package was fair for the contribution they made. Lastly, the WFP representative spoke about the importance of non-monetary initiatives that could greatly assist with staff members' conditions of life and work.

39. The Commission further noted that the results of the 2013 global staff survey were in line with those from 2008, where staff members also pointed to, for

instance, the lack of opportunities for career progression and the lack of rewarding exemplary individual performance as key demotivating factors. These findings underscored the need for a careful structuring of the compensation system so as not to minimize the importance of pay but to look at compensation from a broader perspective and to develop a package of salary, allowances and benefits that was competitive and fair. The Commission concluded that the use of both intrinsic and extrinsic motivation should be explored, and a good balance be struck between monetary and non-monetary elements of the compensation package in order to enable staff members to focus on the delivery of mandates while continuing to grow and develop.

40. With regard to the findings from the consultations with the executive heads and human resources directors, the Commission highlighted that the work of the Commission had been enriched with this information, as it had been provided by the individuals who are charged with the implementation of the mandates of the organizations. It also agreed that these findings should be taken into consideration as an important data source that could shape further discussions and work on the compensation review, along with the results of the global staff survey. The Commission also took note that the executive heads had pointed out the increased complexity of the missions of the organizations and the increased pressure placed on the organizations to deliver their mandate within the increasingly limited financial resources.

41. The Commission observed that some issues raised in these consultations were not under the purview of the ICSC but of the organizations themselves. For example, many executive heads expressed concern about the performance management system and automaticity of the step increment and how it fostered a situation whereby underperformers were tolerated and high performers ignored. Regarding the latter, members of the Commission were of the view that the whole issue of underperformance was not addressed properly within the United Nations common system. The Commission recalled that it had approved a performance management framework in 2011 which, among other things, addressed the issue of underperformance. Staff regulations and rules clearly stipulated that the granting of the step increments depended on the satisfactory performance of staff members. Therefore, step increments should not be granted automatically or be based on seniority. With regard to rewards and recognition, the Commission recalled that it had approved a framework on "Appraisal and recognition of performance" in 1997, which was discussed by the working group on performance incentives and other human resources issues, which had confirmed its continued relevance and usefulness.

42. Some of the other issues raised by the executive heads dealt with budgetary and financial matters and internal controls that concerned the legislative bodies of the organizations. Although the Commission did not control the budgets of the organizations, it did put restraints on how they could spend, as it determined the compensation package and levels of remuneration and allowances. The need for increased predictability of the compensation system in terms of overall costs was also highlighted.

43. The representative of IFAD agreed that there were areas under the purview of the organizations themselves that had to be addressed, such as performance management. Examples were provided of how they were not always able to attract

the people they wanted to recruit as they had to compete with international financial institutions. Difficulties in recruiting candidates of certain nationalities were also mentioned.

44. The Commission requested the organizations to provide data and concrete examples to substantiate their experiences as they continued to actively participate in the working groups on the compensation review.

45. The UNICEF representative encouraged the Commission to consider introducing a discretionary element in the compensation package, underscoring that the core of the common system had to be maintained while accommodating the heterogeneous nature of individual organizations. It was also pointed out that there was a need to incentivize service in the most remote locations. On the other hand, the organizations in the normative field needed to recruit world class experts who perhaps would not need to be mobile. The organizations expressed a need for a core that was regulated by the Commission and a portion of the compensation package that would be under the discretion of executive heads if the review of the compensation system were to succeed and enhance the effectiveness of the United Nations common system.

46. The Commission also discussed some practical proposals that were brought forward by the executive heads and human resources directors such as the salary scale compression at the higher levels and overlaps between the salary scales for different categories of staff, and considered that these items should be discussed in the working group which was reviewing the remuneration structure.

47. Financial difficulties and uncertainties facing the United Nations system were also discussed. Letters from the executive heads expressing concerns about rising staff costs were mentioned, as well as their requests that the Commission study the impact of its recommendations prior to recommending any increases in compensation. The Commission noted that these requests needed to be taken into account as the compensation review continued.

48. In terms of the simplification of allowances, the Commission noted that some ideas brought forward by the organizations could be further elaborated, including how they envisioned a closer link between pay and performance. The organizations were invited to present their ideas and proposals to the Commission in more detail.

**Decisions of the Commission**

49. The Commission decided:

(a) To take note of the findings of the global staff survey and the findings from the consultations with the executive heads and human resources directors and take into account the challenges faced by the organizations and the suggestions from the executive heads of the organizations during their discussions of the issues related to the overall compensation review;

(b) To request its secretariat to continue with the data analysis of the staff survey results and provide the information to the working groups, as required;

(c) To request the secretariat to continue to undertake staff surveys in the future.

**Progress report on the compensation review**

**(a) Scope of the review**

50. A comprehensive review of the common system compensation package was started by the Commission at its seventy-sixth session. Previous comprehensive reviews had been carried out in 1976 and 1989. However, since the last review, the United Nations common system had been dealing with significant institutional challenges, including changes in the size, deployment patterns and demographics of the staff population. The Commission recognized that in the light of developments over the past 25 years, a comprehensive review was essential in order to ensure that the pay and benefits provided to staff continued to be fit for purpose. The Commission further noted that since the various elements of the compensation and benefits system had been examined individually on a regular basis, there were likely overlaps in some of the provisions and possible fragmentation in the overall system. Consequently, it would be important for the present review to take a holistic approach by examining all elements as well as the interrelationships between the various aspects of the system.

51. Article 101 of the Charter of the United Nations makes it clear that the driving factor in determining the conditions of service for the international civil service should be the ability of organizations to attract and retain personnel with the "highest standards of efficiency, competence, and integrity" and from "as wide a geographical basis as possible". In its first annual report (A/10030), in 1975, the Commission reaffirmed the continued validity of these principles and further confirmed that only a global salary system could ensure both equity and the necessary mobility of staff. Therefore in line with the principle of "equal pay for equal work", there should be no differences in pay based on nationality. It is relevant to recall that the General Assembly has reaffirmed the continued application of the two fundamental principles governing the conditions of service of staff in the common system — the Noblemaire principle, applicable to staff in the Professional and higher categories (see resolution 66/235 A), and the Flemming principle, applicable to locally recruited staff (see resolution 64/231). These fundamental principles were confirmed once again in the context of the present review.

52. The Noblemaire principle had been the basis on which competiveness for the Professional and higher categories had been maintained, supporting the notion of equal pay for work of equal value. Consistent with General Assembly resolution 68/253, which stated that the proposals resulting from the review should ensure the comparability of total compensation under Noblemaire, this principle would remain core to the common system, and therefore to the comprehensive review.

53. At the start of the review process, the Commission took stock of the rationale and basis for payment of all the elements in the present compensation system for the Professional and higher categories. It recognized that given the scope of the exercise, consideration of the National Professional Officer and the General Service categories should be taken up at a later date, once the review of the Professional and higher categories was completed. A number of issues were identified, including the complexity and the perceived lack of transparency in the system, the high cost of administration, the overall cost of the wage bill and the "one-size-fits-all approach", which constrained some organizations in their responses to particular circumstances. In order to properly address these and other crucial issues, the Commission

established a set of criteria for the design of a revised compensation system as follows:

(a) It should support the delivery of the organizations' mandates and should:

(i) Be competitive;

(ii) Be fair and equitable;

(iii) Be transparent;

(iv) Be simple in design, easy to administer and easily understood by staff and stakeholders;

(v) Reward excellence and manage underperformance;

(b) The new system should be cohesive at its core, but should allow for some flexibility to meet the specific needs and challenges facing the organizations, particularly with regard to diversity, specialized occupations or hard-to-obtain skills;

(c) Upon implementation, the new system should be premised on overall cost containment and be sustainable over time;

(d) While the assumption was that the new system would apply to all staff recruited on or after its date of promulgation, the applicability to existing staff would be considered later, taking into account acquired rights.

54. Having established the criteria for reviewing the elements of the system, the Commission considered it appropriate to elaborate broad objectives for the exercise, setting these out in the following mission statement:

(a) The objective of the review of the common system compensation package is to ensure the continued ability of the organizations to effectively deliver their respective mandates on the basis of the guiding principles and provisions of the Charter of the United Nations and within the framework of the common system;

(b) The review aims at a compensation system that, without prejudice to the overall cohesion of the common system, will provide the organizations with a degree of flexibility in applying the compensation package. Compensation should attract and retain the best combination of talents, competencies and diversity. The revised system should also promote excellence and recognize performance;

(c) The review should focus on the creation of a coherent and integrated system that is streamlined, transparent and cost-effective. Allowances would be targeted to drive organizational excellence through motivation and engagement of staff. Further, the revised system would allow Member States, organizations and staff to understand the structure, processes and outcomes. Finally, the revised system would offer the stability and predictability necessary for cohesion with the programming and budgeting process;

(d) The Commission, as requested by the General Assembly in its resolution 67/257, in undertaking the review, shall bear in mind the financial situation of the organizations participating in the common system and their capacity to attract a competitive workforce.

55. In its resolution 67/257, the General Assembly outlined a timeline for the review, detailing the progress reports to be submitted by the Commission during the main part of its sixty-eighth and sixty-ninth sessions, and the final conclusions and

recommendations of the comprehensive review to be reported by no later than its seventieth session. The Assembly subsequently affirmed the objectives set out above, and, in its resolution 68/253, requested the Commission to review all remuneration elements holistically in order to achieve those objectives, while safeguarding the core values of the organizations of the United Nations common system.

**(b) Conduct of the review**

**Deliberations of the working groups and the evidence base**

56. From the outset of the review, the Commission agreed that the detailed consideration and analysis of issues would be implemented by working groups consisting of Commission members, with participation of the organizations and staff representatives. The working groups were given responsibility for conducting substantive analysis, developing recommendations and reporting their findings to the Commission, keeping in mind the guiding principles of the review, with particular regard to the sustainability of the system. This was to be followed by an assessment of the implications of the proposed arrangements by the Commission.

57. Three working groups were established, focusing on the following themes:

(a) The remuneration structure including post adjustment;

(b) Competitiveness and sustainability;

(c) Performance recognition and other related human resources matters.

It was also stipulated that information-sharing between groups should be facilitated, so that coherent and consistent outcomes could be produced. To this end, a dedicated website was created by the Commission secretariat.

58. In order to start building the evidence required for the review, the secretariat had benchmarked the existing compensation package with the comparator and studied the practices of some international organizations. Discussions were held with the executive heads and human resources directors of 18 common system organizations. Secretariat staff also met with officials of the Office for Personnel Management and Department of State of the United States of America, the International Monetary Fund, the World Bank and the Inter-American Development Bank. In addition, members of the Commission and the secretariat staff had engaged in a two-day retreat, at which speakers from the World Bank, Oxfam, the International Service for Remuneration and Pensions and World at Work were invited to give presentations relating to compensation packages and their reform. A global staff survey was also conducted by the Commission secretariat, in the autumn of 2013, with the primary aim of gathering staff views on the current compensation package. The secretariat also collected information about the recent reform of the remuneration package of the European Commission.

59. Between November 2013 and June 2014, there have been five meetings of the working groups. The initial task of the working groups was to study all aspects of the existing system, with particular reference to the comparator service. While it was understood that the United States would remain the comparator for the common system, the working groups reviewed best practices prevalent elsewhere with a view to exploring their applicability in the common system context. Most importantly, the working groups drew on the results of the global staff survey conducted by the

Commission secretariat in October 2013 concerning staff perceptions of the pay and benefits system. A report on the views of executive heads and other senior management personnel in the organizations concerning the strengths and weaknesses of the pay and benefits system was also used in the deliberations of the working groups.

60. The working groups analysed each element of pay and benefits according to the criteria that had been established and reported their findings to the Commission, together with possible options for changes, where necessary. Further working group sessions would be undertaken and completed in advance of the eighty-first session of the Commission, to be held in the third quarter of 2015, when the final package would be formalized.

**Consideration of proposed changes by the Commission**

61. The Commission examined the report of the working groups at its seventy-eighth and seventy-ninth sessions concerning: (a) best practices in expatriate compensation; (b) the common system salary structure, allowances and benefits; (c) performance rewards and recognition; and (d) the sustainability and competitiveness of the existing package.

62. The Commission first reviewed modern approaches to expatriate compensation packages. Broadly speaking, there were two common approaches used to determine expatriate compensation: the "going rate approach" and the "balance sheet approach".

63. The going rate approach, also known as the "destination" or host country approach, essentially referenced the pay of assignees to prevailing local labour market conditions but provided for add-ons to expatriates in the form of incentives and/or premiums, in order to incentivize potential assignees to move to and get installed in the host country. In cases where the salary in the host country was lower than in the country of origin, the salary level might exceptionally be adjusted. Employees could be offered supplementary financial benefits such as contributions (tax coverage, social security, insurance and pension) and allowances (expatriation, housing, household, spouse, dependent child, education, transportation and travel, settling-in, mobility, hardship, etc.) on top of advancement opportunities and other benefits only available at the host country.

64. Advantages of the host country approach were its simplicity and the equity among different nationalities as well as local nationals in the host country. Disadvantages were the variation in the package between different assignment locations, sometimes resulting in competition among employees for an assignment in high-pay countries.

65. The balance sheet approach, which was widely adopted by international entities, aims at creating a remuneration package which would maintain the same living standard as that in the base pay and benefit structure. It was designed to protect expatriates from cost differences between their home/base and host countries. This approach broke the base pay and benefit package at home into major outlays (income taxes, housing, goods and services, and reserve, including pension contributions, savings and investments) and compared the difference between home and host countries separately for each of these components. If the costs in the host country were higher than those in the home country, the employer paid the

difference. Adjusted components are added and then combined with other financial incentives to make the package attractive to an expatriate employee.

66. The Commission discussed the various approaches and came to the conclusion that the approach currently applied by the United Nations common system offers advantages that are appropriate for the international civil service. The globalist approach, as implemented by the common system for expatriate staff, guaranteed that staff members from different nationalities at the same grade level would earn the same, regardless of the pay levels in their country of origin. In addition, the common system ensures that through the post adjustment mechanism, salaries had equivalent purchasing power regardless of duty station. Finally, provisions are made for social benefits in accordance with best prevailing rates in relevant comparator countries while incentives encouraged specific organizational outcomes such as mobility. In considering the external expatriate pay packages, it was noted that they were not markedly simpler than that of the common system. However, many of the elements, especially in other international organizations, were similar in substance and intent. Nonetheless, while a certain degree of complexity was inevitable in any global compensation system, it was concluded that simplification should remain one of the goals of the review, as should equity, competitiveness, transparency, the reward of excellence and sustainability.

67. The concept of total rewards was considered important to the review of the compensation package, as it allowed a broader focus beyond monetary aspects alone. By focusing on total rewards, not only did a holistic view of all elements within the revised compensation emerge, but non-financial means of improving the organization's effectiveness were also explored. Social benefits were considered of particular importance, given the unique circumstances of employment in an international organization.

68. Traditional thinking has dictated that salaries attracted individuals to an organization, benefits helped to keep them there and incentives schemes motivated them to give their best. However, recent research revealed that individuals were attracted, retained and engaged by a range of both financial and non-financial elements. This notion of "total rewards" encompassed all aspects of work that were valued by staff members, which could include job satisfaction, learning and development as well as other aspects within the working environment. Accordingly, under the total reward approach, five elements were used to attract, motivate and retain staff: compensation; benefits; work-life balance; performance and recognition; and development and career opportunities.

### (c) Progress to date

#### Basic salary

69. In order to attain the goal of simplification, the Commission decided that the package should be better structured, such that salary was paid on the basis of work done, rather than personal circumstances. With this in mind, it was considered important to pay particular attention to the existing differentiation between staff with, and without, dependents. The Commission favoured the introduction of one salary scale, irrespective of the dependency status of the staff member, with a spouse recognized through an allowance instead. This approach is to be further developed by the secretariat, to enable streamlining of the pay system through the separation of the social component of the package from the salary itself (which is

intended exclusively as compensation for work done). This would enhance the overall transparency of the system, while making it easier to understand. At the same time, any possible overlaps resulting from the current linkages of some allowances to the existing dual salary scale would be eliminated.

70. In line with the aim of rewarding excellence and dealing with underperformance, the lack of performance recognition in the current compensation package, which emphasized seniority, was discussed. This issue was among the main concerns expressed by executive heads, who mentioned that the automaticity of the step increment fostered a situation whereby underperformers were tolerated and high performers were ignored. There had been overall agreement that pay for performance was desirable to encourage high performance by improving both individual and organizational performance and to address underperformance. It was noted that some organizations had recently introduced some important performance incentives under the current ICSC framework on performance and rewards (see A/52/30, para. 219): IFAD, UNAIDS, UNFPA, UNHCR, UNIDO and the United Nations Office for Project Services. These initiatives were being monitored by the Commission. While the current framework provided useful guidance to organizations, it was agreed that it should be reviewed and updated. While monetary incentives were necessary, non-monetary incentives under the framework would also be included.

71. Following concerns that the low level of the base/floor salary relative to comparator international organizations could have affected the competitiveness of the United Nations common system, the option of raising the base/floor was considered. Particular attention was given as to how this could be achieved in a cost-neutral way. The Commission expressed its preference for an incremental approach to raising the level of the base/floor salary to guard against the possibility of windfall gains in salary in low-cost duty stations, owing to sudden changes in United States dollar exchange rates. It was thought that such an approach would enhance the competitiveness of United Nations common system remuneration, without sacrificing the flexibility and cost-effectiveness associated with having relatively low base/floor salaries and positive adjustments of those salaries in all duty stations.

72. The method of adjusting the base/floor salary over time was examined. The option to construct a more rigid link with the comparator civil service, re-enforcing the Noblemaire principle, was currently under consideration. This would enhance the transparency in the United Nations/United States net remuneration management mechanism. However, implications for the operation of the post adjustment system would need to be examined further.

73. In line with the need to develop a system that was transparent, predictable and sustainable over time, the potential simplification of the post adjustment index structure was analysed by the Advisory Committee on Post Adjustment Questions. As part of its role as the Commission's subsidiary advisory body on post adjustment matters, the Advisory Committee had, prior to the launch of the comprehensive review, already submitted recommendations to the Commission. These related to aspects of the calculation of the post adjustment index that met some of the goals of the comprehensive review, namely simplicity, cost-effectiveness and transparency of the post adjustment system. Following its analysis of the post adjustment index structure for possible simplification, the Advisory Committee found the current

structure of the post adjustment index to be fit for purpose and saw no compelling reason to change it. However, it recommended that operational rules governing the post adjustment system be modified to ensure the predictability, transparency and sustainability of salary adjustments over time.

**Allowances**

74. The Commission considered allowances, including social benefits, expatriate allowances and field-based allowances. The aim was to identify and eliminate any overlap in payments, with a view to avoiding over-remuneration and to increase the simplicity and transparency of the system. However, in taking this approach, the interrelation between the different groups of allowances was kept in mind in such a way that the overall goal of creating a holistic package could be achieved.

75. The rationale for paying an allowance for a dependent child was confirmed by the review, although some potential options for simplifying the existing scheme was outlined. These were being considered in the context of improving the transparency and equity of the system. At the same time, measures were developed to address in the current arrangements an apparent anomaly, as a result of which eligibility for a higher dependency allowance was transferred from the spouse to the first dependent child even if the spouse's income exceeded the established earnings threshold. After these changes, it would allow the common system to remain a socially responsible employer, while maintaining its competitiveness with the comparator and other organizations, which also provided this benefit. At the same time, by eliminating the organization's assistance in areas where it was not intended, or where it was not necessary, the cost of the overall package would be reduced.

76. It was suggested that the real value to a staff member of recognition of secondary dependent could lie in the provision of non-financial benefits. Such an approach was consistent with General Assembly resolution 67/257, which states that the review shall bear in mind the financial situation of the organizations participating in the common system and their capacity to attract a competitive workforce. Although the comparator provided for simultaneous eligibility for primary and secondary dependants without limiting the number of eligible dependants, a similar approach within the common system was not considered advisable as it would lead to increased cost for the organizations without a commensurate impact on their competiveness. It was suggested that non-monetary means would be explored under the total rewards concept.

77. The cluster of allowances, including location and relocation related allowances, was examined as a package, bearing in mind potential overlaps and scope for possible simplification. Any changes would be expected to incentivize geographic mobility, especially to hardship duty stations, in order to support organizational mandates. Given that there were more than 10 elements under this cluster, the Commission favoured simplification of the various elements and requested the secretariat to explore the possibility of streamlining the hardship classification system into broader categories, as well as integrating the additional hardship allowance for non-family duty stations into the hardship classification system. The Commission also wished to explore integrating the mobility allowance and the assignment grant into one system, and to streamline all shipment/removal related elements. This approach would address the concerns of organizations that

wished to have a system that was easy to explain and administer, while encouraging mobility.

78. The scope and rationale of the education grant — including the eligibility criteria, coverage and existing administrative burden — were considered, in relation to the overall aims of simplicity and equity of the package. In considering various options, it was emphasized that the education grant was an essential element of the compensation package and an important tool to facilitate the attraction and retention of a globally mobile workforce required for the delivery of mandates. The Commission requested its secretariat to develop a model that focused on distributing education-related assistance to expatriate staff in the most cost-effective manner. Payments by level of education should also be taken into account. The Commission further stipulated that the administration and design of the scheme should be simplified, while optimizing its cost, with overall reference to the scheme provided in the comparator service which was similar to that of the common system.

79. Other areas of the compensation system currently being considered by the Commission as part of the review include flexible compensation tools for dealing with specialized skills and exceptional performance, as well as the current grade structure, in particular on how to deal with grade compression; and with staff members' progression through the grades.

**(d) Future steps**

80. To date, substantial progress has been made with the review process. The exploratory phase, during which the necessary research and analysis of the existing package was conducted by Commission, is now completed. Based on these, and subsequent feedback from both the working groups and the Commission, some general directives were agreed upon. The next step would be for the Commission to develop a specific outline of the system.

81. In the next phase of the review, the working groups would be expected to finalize the pending issues, in particular, the focus would be on expatriate and relocation related allowances. The remuneration structure, in particular the number of grades and steps, would be examined, alongside the matter of compression of the salary scale. The working groups would also coordinate to consider the viability of the proposed structure to maintain the competitiveness of the common system and to create a performance-oriented environment. Subsequent recommendations from the working groups, as well as well as from the Advisory Committee on Post Adjustment Questions regarding modifications of the operational rules governing the post adjustment system, designed to improve the predictability, transparency, and sustainability of salary adjustments over time, would be reviewed at the eightieth session of the Commission, in 2015.

82. At its eightieth session, the Commission would then appraise the revised compensation package in a holistic manner, to ensure that it fully corresponded to the attributes agreed upon by the Commission and the General Assembly. These attributes would include its sustainability, overall competitiveness and the acquired rights of staff. The question of possible transitional measures would also be discussed. At its eighty-first session, in summer 2015, the Commission would finalize its package proposal and present it to the General Assembly for consideration at its seventieth session.

## B. Health insurance

83. The Commission took up this item pursuant to General Assembly resolution 68/253, in which the Assembly expressed its deep concern about the long-term sustainability of the after-service health insurance scheme within the United Nations system and in that regard invited the Commission to review, in the context of its annual report, the apportionment of health insurance premiums between the United Nations organizations and participants in both United States and non-United States plans. In its resolution 68/244, the Assembly also requested the Secretary-General to undertake a survey of current health-care plans for both active and retired staff within the United Nations system in order to explore all options to increase efficiency and contain costs and further requested him to examine the option of broadening the mandate of the United Nations Joint Staff Pension Fund to include the cost-effective, efficient and sustainable administration of after-service health insurance benefits. A report on that issue is expected from the Secretary-General and the United Nations Joint Staff Pension Board at the seventieth session of the General Assembly.

84. In 1957, upon the recommendation of the Salary Review Committee, the General Assembly, in its resolution 1095 A (XI), authorized the Secretary-General to establish that the Organization's health insurance scheme be financed on the basis of an overall sharing of the costs by the participating staff and the Organization on an approximately equal basis in such a manner that a larger measure of financial assistance would be granted to staff in the lower salary levels than to staff in the higher salary levels. Thus, since 1957, the 50/50 ratio of apportionment of health insurance premiums has been applied by the United Nations. In 1966, the Assembly approved the extension of health insurance coverage to any staff member (and/or their recognized family) leaving the service of the United Nations at the age of retirement or for disability who had contributed to a United Nations health insurance plan for a specific period at the time of separation.

85. In 1982, the General Assembly, in its resolution 37/126, requested the Commission to examine the need for raising the ratio of contributions by organizations of the United Nations common system for health insurance of staff members and the question of applying appropriate retroactivity. In a review undertaken by the Commission in 1983, the Commission concluded that the matter of apportionment of health insurance premiums was a common system issue and that it should therefore be considered from the point of view of all staff of the common system at all duty stations. It noted that the 50/50 formula had kept the average staff contribution at reasonable levels, but that, in the case of New York, the staff contribution portion appeared to be too high. The Assembly, in its resolution 38/235, decided that a maximum ratio of 2 to 1 between the share of the organization and that of the staff member, respectively, would be used. Since that time the 2 to 1 ratio has been applied in New York.

86. To undertake the current review, the Commission was provided with information on the health insurance coverage provided to United Nations staff at different duty stations, with information on practices in common system organizations, other international organizations and Member States, including the comparator. With regard to Member States, the Commission received information on the current apportionment of health insurance premiums in some of the countries where the largest number of common system staff retire (Canada, France, India,

Italy, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America). The Commission also received sample calculations for cost distribution at different salary levels and general information on the after-service health insurance scheme.

**Discussion in the Commission**

87. The Human Resources Network welcomed the analysis undertaken for this item and recommended that the current cost apportionment of health insurance premiums be maintained. The three staff federations pointed out that in many international organizations and, above all, in the case of the comparator, the United States federal civil service, the employer bore a higher cost share of health insurance premiums and that, therefore, the apportionment should ideally be changed upward, to 75 per cent. However, understanding the current financial constraints of most common system organizations, the federations would not be opposed to leaving the current apportionment in place. FICSA expressed its concern that not all organizations of the United Nations common system had set aside adequate funding to cover their after-service health insurance liabilities.

88. The Commission members noted that, according to the information received, the World Bank and the International Monetary Fund, while having health-care plans similar to those offered to United Nations staff, paid a higher employer share than the United Nations, namely, 75 per cent of the premium. They also noted that a number of other international organizations had a larger employer share than the United Nations, with many using the same ratio as the one applied by the United Nations in New York. Only one of the reviewed international organizations had a lower contribution than the United Nations. Commission members pointed out the general provisions of the Federal Employees Health Benefits Program, applied by the United States federal civil service, through which the Government contributed between 72 and 75 per cent, depending on the plan selected. They also noted that, with one exception, the Member States surveyed paid a higher apportionment of health insurance premiums than the United Nations for their civil servants.

89. Given the situation in the comparator civil service, in the other Member States where most United Nations staff retired and in many other international organizations, members of the Commission observed that if the Commission were to revise the apportionment, the employer's portion would need to increase. While being mindful that this did not fall under the purview of the Commission, some of its members drew attention to the concerns expressed in the General Assembly resolution that in some organizations of the United Nations system, the liabilities of the after-service health insurance portion were not yet properly funded.

90. One member drew the attention of the Commission to the fact that, in general, in many Member States, in particular in those surveyed by its secretariat, health insurance was subsidized and that, therefore, the cost of health insurance was partly included in taxes. He was concerned about the considerable difference in contribution by income level of United Nations staff and that this contributed further to the salary compression issue. He fully supported, however, the overall recommendation of the Commission.

**Decision of the Commission**

91. The Commission decided to recommend to the General Assembly that the current apportionment of health insurance premiums between the Organization and both active and retired staff in United States and non-United States health insurance plans be maintained at their existing ratios.

## C. Mandatory age of separation for existing staff

92. In its report for 2013 (A/68/30), the Commission recommended to the General Assembly that the mandatory age of separation for current staff members be raised to age 65, with effect from 1 January 2016. The Assembly, by its resolution 68/253, decided to defer its decision on the recommendation without prejudice to its proposed time frame and requested the Commission to undertake further analysis, in consultation with all relevant stakeholders, on the impact of the adoption of the recommendation on workforce and succession planning frameworks and all relevant human resources management policies, including performance management and appraisal, rejuvenation, gender balance and equitable geographical representation, across the United Nations common system and to report thereon at its sixty-ninth session.

93. In the same resolution, the Assembly also recalled paragraph 61 of the report of the Commission, in which it was indicated that raising the mandatory age of separation for existing staff to 65 years would result in a marginal reduction in the actuarial deficit of the United Nations Joint Staff Pension Fund in the range of 0.13 per cent of pensionable remuneration.

94. At the seventy-ninth session of the Commission, its secretariat provided it with an analysis of the potential impact of increasing the mandatory age of separation to 65 years of age for current staff members. The document discussed the costs to organizations and the impact on various human resources outcomes, as requested by the General Assembly in its resolution 68/253. The secretariat's analysis posited that an increase in the mandatory age of separation could delay some organizational programmes, but that there would be an overall benefit to the common system and that the impact on human resources outcomes would be minimal.

95. The report to the Commission drew attention to life expectancy trends in the common system, and to trends in many Member States, of increasing the retirement age in line with longer life expectancy in order to preserve their respective pension funds. Increasing the mandatory age of separation for current United Nations staff would lead to a reduction in the actuarial deficit of the United Nations Joint Staff Pension Fund, which had been estimated by the consulting actuary of the Fund to be in the range of 0.13 per cent of pensionable remuneration, or $13.5 million per year. In addition, the document cited the report of the Secretary-General, in which it was reported that an increase in the mandatory separation age to 65 years for current staff would translate to an estimated reduction of $30.9 million in after-service health insurance liabilities (see A/68/353, para. 26).

**Discussion in the Commission**

96. The Co-Chair of the Human Resources Network stated that the subject was important to executive heads as well as human resources directors, as the actions

proposed by the Commission secretariat would have an immediate impact on managing human resources within the organizations. It was the view of the Network that while the secretariat's report presented a starting point for discussions, substantial further analytical work would be needed in order to give Member States, Commission members and the organizations a full, evidence-based view of the implications of the recommendations. He said that the proposals from the secretariat on modalities for the implementation of the recommendation could have serious implications and the organizations were very concerned about their viability. The Network was therefore requesting a thorough discussion of the issues. The concerns mentioned were:

(a) The potential lack of clarity about the roles, responsibilities and authority of various stakeholders, including staff members, executive heads and human resources departments;

(b) A significant increase in the risk of litigation in the organizations of the common system;

(c) An increase in administrative efforts and costs;

(d) A perception of unequal treatment, given the modalities for implementation suggested in the document.

97. According to the Network, the proposals had not taken into account that implementing the recommendation would require specific changes in the staff rules and regulations of each common system organization. Change would need to be supported by individual executive heads and would possibly need to be considered and agreed upon by the responsible governing bodies following deliberations on the operational and financial impact of such a change. He felt that additional efforts should be focused on fully understanding the impact of the change on the areas mentioned in General Assembly resolution 68/253 and in assessing operational and legal risks to the organizations implied in the proposed modalities for implementation. The organizations were ready to collaborate with and provide support to the Commission secretariat in these efforts.

98. The representatives of two organizations informed the Commission that workforce planning in their organizations had been conducted in accordance with operational strategic plans that covered periods beyond 2016. Should the recommendations of the Commission be implemented, the priority areas of work within the organizations would be delayed. The representatives pointed out that a significant proportion of current staff members would be retiring over the next 5 to 10 years, and that the majority of those retirees were men from countries that were overrepresented in their respective organizations. It had been the intention of the organizations to use that opportunity to address the issues of gender parity and geographical representation. Furthermore, rejuvenation initiatives, such as the Junior Professional Officers programme, which also played a part in correcting both geographic and gender balance, would be delayed. Finally, both organizations had recently restructured and reduced staffing levels to achieve savings mandated by their member States. The extension of the mandatory age of separation would have a negative impact on that exercise, resulting in costly redeployment and separation of staff.

99. The representatives of the three staff federations welcomed the report of the secretariat and the additional analysis it provided. In their view, the mandatory age

of separation should be increased and should be free from discretionary decisions by the organizations, since otherwise it would not be conducive to a transparent and equitable approach. Raising the mandatory age would also bring the United Nations in line with practices in national civil services and would provide support to all staff members, particularly those in the Professional category, who often entered the United Nations later in their careers.

100. The representative of UNISERV felt that extending the mandatory age of separation to current staff members would simplify the system, as there would then be one policy for all staff members. With respect to the secretariat's proposals regarding flexibility with regard to the implementation of the mandatory age of separation, he said that UNISERV did not see the rationale or justification either for staff members to change their contractual status or for a staggered implementation policy. The federation could only agree to the requirement that requests for continuation be considered on an individual basis if the process were to be administered by an impartial body such as a board and not based on decisions taken by individual managers.

101. The representative of CCISUA expressed the view that current staff members should be able to work until age 65 in the same way that new entrants could. He reported that the Secretary-General had informed the staff unions at a meeting that he was fully supportive of the Commission's recommendation that, effective 2016, current staff should be able to choose to retire at age 65. He remarked that the Secretary-General had also commented that the recommendation reflected trends in both developed and developing countries. Referring to the claim by organizations that their strategic plans would be hindered, the representative observed that discussions had been ongoing since 2009 and that the organizations should have been prepared. He reminded participants that it was in consideration of workforce and succession planning that a waiting period of two and a half years had been recommended for effecting the implementation of an increase in the mandatory age of separation for current staff members. The representative added that the recommended date should be respected, as no time would ever be considered as perfect for its implementation. He commented that there was no evidence that the organizations of the common system had developed succession or strategic workforce plans, as evidenced by the most recent report of the Joint Inspection Unit, in which it was indicated that succession and workforce planning was lacking in most organizations. Regarding the impact of retirement on rejuvenation, gender parity and geographical representation, the representative of CCISUA pointed to the data which the ICSC secretariat had provided indicating that changes to the mandatory age would have little impact in those areas, as gender issues and the lack of geographic diversity were attributable to factors other than retirement.

102. Concerning performance, the CCISUA representative said that his committee had not seen any evidence, for instance, by way of performance ratings, that staff members who were approaching 62 years were less able to perform their duties than those who were younger. He added that the Joint Inspection Unit had reported that the hiring of retired staff was quite prevalent. He referred to the practice of some organizations of hiring "non-staff" to carry out the work formerly performed by staff members who were retiring. It was his belief that the practice could affect both the quality of work produced by the United Nations and the viability of the United Nations Joint Staff Pension Fund since, he said, for the first time in the Fund's

history, the number of beneficiaries had increased, while the number of participants had decreased.

103. Recalling previous discussions on the subject, the representative of FICSA reminded participants that the matter had first been discussed in 2009 when the organizations themselves, through the Human Resources Network, had proposed to the Commission that the age of separation for all staff members be set at age 62 as at 1 January 2012 and that the Network would review the possibility of raising the mandatory age of separation to 65 for all staff once the United Nations Joint Staff Pension Fund had completed its actuarial study in 2010.

104. The representative of FICSA felt that the Commission document under consideration, together with its presentation, had addressed all the issues requested by the General Assembly and the concerns previously raised by the organizations of the common system. He said that the organizations had been allowed the time to put their strategic plans in place in preparation for the increase in the mandatory age of separation after they had voiced their concerns, and reminded the participants that this was the reason that the Commission had agreed on an implementation date of 1 January 2016. He observed that the organizations had not said whether they had undertaken such preparatory work. He recalled that FAO had always had a mandatory age of separation of age 62 for all staff members, with no adverse effect. He noted the positive impact on the United Nations Joint Staff Pension Fund and said that FICSA supported the proposal to increase the separation age to 65 years.

105. The representatives of both CCISUA and FICSA pointed to a staff survey that their federations had carried out jointly, which indicated that approximately 50 per cent of current staff members would choose to retire at their current normal or mandatory age of separation. In view of the survey results, they did not think that allowing current staff members to retire at 65 would create undue problems for the organizations.

106. Regarding the proposals for flexibility that had been presented by the Commission secretariat, all three staff federations agreed that in order to assist the organizations of the common system with workforce planning, serving staff members should be required to indicate their desire to continue working 12 months before their mandated retirement dates.

107. The Commission recalled that it had had an extensive discussion on increasing the mandatory age of separation and the impact on human resources outcomes at its seventy-seventh session. It considered that its recommendations to the General Assembly had been solid and it was its view that increasing the mandatory separation age for all staff would be unavoidable in the future. Some Commission members expressed the view that the organizations should have flexibility in employing staff up to the proposed higher mandatory age of separation by taking into account their performance and restructuring needs (abolition of posts, downgrading of posts). To give the possibility of choice solely to the staff member without flexibility for the organization would not be a balanced solution.

108. The Commission considered the analysis of its secretariat in the four areas set out below.

**Costs**

109. The Commission noted the positive impact of raising the mandatory age of separation on the United Nations Joint Staff Pension Fund and the after-service health insurance scheme. It considered the submissions from organizations that were required to reduce staff costs and had based their short- and medium-term plans on pending retirements. The Commission was aware of the constraints under which the organizations operated, and emphasized its responsibility to support the organizations in the delivery of their mandates. It felt, however, that the issue had to be viewed in a wider context. The Commission recalled that, at its seventy-seventh session, in 2013, it had agreed that it would give due consideration to the readiness of the organizations, given their budgetary and strategic plans. In that regard, in order to allow them the time to implement changes, it had recommended an effective date of 1 January 2016. The Commission considered that, overall, maintaining good staff was less expensive than even the most successful recruitment programme.

110. The Commission further considered that the increase in life expectancy was linked to cost. It noted that the life expectancy of United Nations retirees had been increasing, and that over the past 30 years it had increased by approximately four years, resulting in an additional 27.3 years of life expectancy for staff in the common system retiring at age 60. Such a continuing increase in the number of years spent in retirement would mean an increasing cost to the system, indicating that increasing the mandatory age of separation would be inevitable in the future. The question remained as to whether this should be done sooner rather than later. One Commission member expressed the view that a decision should not be taken solely on the basis of cost but rather on set principles that enabled the organizations to carry out their mandates.

**Workforce/succession planning frameworks and rejuvenation of the workforce**

111. It was noted that less than half of common system organizations had workforce or succession planning frameworks. It was recalled that a number of human resources tools currently existed in the organizations that would enable the rejuvenation of their workforces. The use of the fixed-term contract, under which approximately 75 per cent of common system staff was hired, was cited as one such tool by the Commission when the issue had been previously discussed. In addition, a large proportion of staff left the organizations each year or each budget period for reasons other than retirement, including the termination of contracts, transfers and/or personal reasons. It seemed unlikely that strategic plans would not have been prepared for these contingencies.

112. The Commission pointed to the re-employment of retired personnel as consultants owing to the depletion of experience and expertise in some organizations. It recognized the dilemma faced by some organizations that employed highly skilled specialists and had a high proportion of staff due for retirement. At least one specialized agency had reported in its annual report that its workforce planning and organizational development had been hampered by a scarcity of both financial and human resources in a very competitive environment. The organizations had responded to such challenges either by additional training of the remaining staff or by rehiring retirees as consultants or on other short-term contracts. The Commission considered that there should be a transparent and equitable process through which staff members would be allowed to remain working in the organizations of the common system.

**Performance management and appraisal**

113. The Commission maintained its position that the mandatory age of separation was not the correct tool for dealing with issues of underperformance and that it was impractical to have to wait for a staff member's retirement as a way to address poor performance. The Commission had given guidance to the organizations on performance management and appraisal tools over several years and had approved its latest performance management framework in 2011. The Commission felt that the effective performance management practices should be employed to deal with underperforming staff.

114. It was acknowledged that good health was necessary to continue working and being productive in the workplace. In that regard, the Commission discussed the matter of early burnout, stress and trauma in difficult duty stations, as observed by field-based organizations. The Commission observed that research indicates that in most cases individuals were able to be productive workers even beyond the age of 65 with the same standard of performance. Early retirement should continue to be an option for specific situations.

**Gender balance and geographical distribution**

115. The Commission agreed that gender balance in the organizations of the common system would not be substantially affected by increasing the retirement age. It observed that despite the many policies that the organizations reported to have put in place to improve gender parity, including targeted recruitment, progress had been very slow.

116. The profile of common system staff did not indicate that a change in the mandatory age of separation would bring about any significant changes in the ability of the organizations to attain equity in geographical representation. It was felt that demographic change was a long-term issue that would not be settled in two or three years.

**Implementation date**

117. Most organizations, in particular the specialized agencies, requested a later implementation date or a more paced implementation, as they would have to present the matter to their respective governing bodies, who had the final authority to approve changes to their staff regulations. While the representatives of the staff federations strongly opposed this, most members of the Commission were willing to accommodate this request from the organizations if it would facilitate the acceptance of the proposed change to the mandatory age of separation for current staff members. The Commission also considered that the mandatory age of separation for staff members who were due to retire at age 60 could be increased to 62, with immediate effect, while changes to the mandatory age for other staff members could take effect at a later date. Some Commission members could see no rationale for varying the date.

**Conclusions**

118. The Commission concluded that organizational restructuring and the reduction of posts were continuous operations within all organizations of the common system. Changing the mandatory age of separation would not have a deleterious effect on

the organizations or their strategic plans. It pointed to the United Postal Union, which had already increased the mandatory age of separation to 65 years of age and noted that FAO, from the outset, had had a mandatory age of separation for all staff at age 62, with no observable adverse effects. The members of the Commission felt that it was important to have a system in place which operated in a transparent way and was fair to staff. It was their view that increasing the mandatory age of separation would become inevitable. Striving to become modern organizations, the common system organizations needed to adapt.

**Decision by the Commission**

119. The Commission decided to inform the General Assembly that it had conducted the required analysis on workforce and succession planning and all relevant human resources policies, including performance management and appraisal, rejuvenation, gender balance and equitable geographical representation across the United Nations common system. The findings of the Commission and positions of the stakeholders are found in the paragraphs above.

# Chapter IV
# Conditions of service of the Professional and higher categories

## A. Report on gender balance in the United Nations common system

120. The concept of gender equality has been established within the core guiding principles of the United Nations, and reflects a commitment to the equality of men and women in all aspects of human endeavour. More specifically, the Charter of the United Nations (Arts. 8 and 101) stipulates that there shall be no restrictions on the eligibility of men and women to participate in any capacity and under conditions of equality in its principal and subsidiary organs. The Universal Declaration of Human Rights also states that there can be no distinction or discrimination on the basis of gender (Arts. 2 and 23). At the Fourth World Conference on Women, held in Beijing in 1995, world leaders adopted a Platform for Action[3] that included the goal of achieving overall gender equality in the staff of the United Nations system by 2000. In 1995, the General Assembly called for 50/50 gender distribution at senior levels and in 1996, it stipulated that this distribution was to be reached at all levels in the Professional and higher categories by the year 2000, reaffirming the gender parity goal in 1998 and 2005.

121. The status of women in the United Nations common system represents an important item that Commission has addressed periodically under its mandate from the General Assembly in its resolutions 37/126, 38/232 and 40/244, in line with article 14 of the statute of the Commission. The Commission had reviewed this item in 1985, 1993, 1998, 2004, 2006, 2008 and 2010.

122. In its resolution 64/231, the General Assembly welcomed the decision of the Commission to encourage the organizations of the common system to promote and implement innovative approaches, such as outreach initiatives, to attract, develop and retain the most talented men and women, while reiterating its disappointment with the insufficient progress made with regard to the representation of women in the organizations of the United Nations common system.

123. At its last review of the item, in 2010, the Commission expressed its concern that the goal of 50/50 gender balance, especially at the D-1 level and above, remained unmet without any noticeable progress. At that time, the Commission had also noted with disappointment that the organizations had not implemented all its previous recommendations. It urged the organizations to enforce existing gender balance policies and measures, including the Commission's previous recommendations, and conduct regular monitoring on the level of implementation. Further, the Commission had requested organizations to hold managers accountable through their annual performance appraisal for achieving established gender targets. The Commission had also requested its secretariat to coordinate with other entities in the United Nations system on monitoring and reporting on the gender balance and explore the feasibility of establishing a common data depository for future data collection; and henceforth monitor future progress in achieving gender balance in the organizations of the

[3] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annex II.

United Nations common system every four years, and request its secretariat to provide a report on this issue in 2014 (see A/65/30, para. 155).

124. The report presented by the secretariat at the seventy-eighth session of the Commission provided information on the secretariat's collaborative efforts with UN-Women on gender balance, a summarized update on the status of women in the United Nations system as at 31 December 2011 and an overview of staffing profiles by region of origin as at 31 December 2012. The scope of the review extended to international staff holding an appointment of one year or more in the Professional and higher categories. In addition, the report presented a summary of the status of implementation of the Commission's recommendations and an analysis on available gender-sensitive policies and measures for recruitment, promotion (selection to a higher grade level), retention policies, work-life policies, gender awareness (including policies on harassment) and monitoring and accountability that had been put in place as at 1 July 2013 to support a work environment conducive to achieving gender balance in the organizations.

125. The overall representation of women in the Professional and higher categories in the United Nations system increased marginally from 39.9 per cent in 2009 to 40.7 per cent in 2011, an increase of 0.8 per cent. As at 31 December 2011, at the D-1 level and above, women represented 29.5 per cent compared with 28.4 per cent in 2009, with an overall increase of 1.1 per cent accrued during the two-year period. The qualitative analysis showed that there were already sufficient numbers of policies and measures in place towards achieving gender balance.

**Discussion in the Commission**

126. The representative of UN-Women highlighted the joint cooperation efforts between the Commission secretariat and UN-Women in streamlining the data collection process and sharing the findings of analyses. Further, she informed that the mandate and functions of the former Office of the Special Adviser on Gender Issues and Advancement of Women included monitoring and reporting on system-wide compliance and efforts to develop and apply internal United Nations gender equality policies, including for achieving gender balance, eliminating discrimination and harassment, and promoting work-life balance through, among other means, the implementation of flexible work arrangements. As from 1 January 2011, all original mandates and functions of the four components that now form part of the relatively new entity, were merged and absorbed into UN-Women. With reference to the General Assembly-mandated goal of gender balance and reporting on it to the Assembly, UN-Women had engaged the United Nations system entities through various mechanisms, including the report of the Secretary-General on the improvement in the status of women in the United Nations system. The representative assured the Commission of continued collaboration with the Commission secretariat on this issue in the future.

127. The Human Resources Network confirmed the organizations' commitment to achieve gender balance across all grade levels, while noting that this was a multifaceted challenge that needed to be considered in all areas of human resources of management. Since the target of achieving gender parity was clearly set by the Member States, the Network considered that this issue needed to be a prime area of consideration in the ongoing review of the compensation package. Further, the Network informed the Commission that a number of field-based organizations were

piloting a new inter-agency programme to develop female leaders for field positions. Within the framework of this pilot programme, high performing female staff members from organizations such as the United Nations Secretariat, UNDP, UNFPA, UNHCR and UNICEF would be provided with the opportunity for a year of secondment in another participating organization in order to complement their set of experience in both humanitarian and development work. These inter-agency exchanges would be supported by coaching, mentoring and shadowing opportunities. Some other organizations had already declared their interest in participating in this pilot, and, therefore, this programme was expected to contribute to an increased availability of qualified internal female candidates for leadership vacancies in field duty stations. The Network also informed the Commission about the recent gender and diversity survey conducted by the United Nations Secretariat, the outcome of which would be useful to formulate further support measures to enhance diversity in general and the representation of female staff at all grade levels.

128. During the debate, the representative of UNICEF noted that the issue of gender balance was closely tied to the organization's mandate. It was essential to have women in very difficult duty stations because the organization would lose its credibility if UNICEF offices were only staffed by men. Further, he informed that UNICEF was promoting an increase in maternity leave provisions to six months. The representative of WFP informed the Commission that 40 per cent of the organization's workforce was female, and 16 per cent of the women were serving in hardship duty stations. Hence, he stressed the importance of integrating a gender perspective in all aspects of human resources management, including in the compensation policies of the common system.

129. FICSA assured its collaborative efforts in achieving equality without compromising quality. The representative of FICSA agreed with the concerns of the organizations, especially of WFP, that the recruitment or assignment of women to difficult field stations remained a challenge. The Federation considered that the Commission should continue to monitor the situation and to provide feedback to the General Assembly. FICSA saw no need for duplication of work with regard to data collection, which should be coordinated with UN-Women. The representative of CCISUA welcomed the range of actions suggested in the report to realign the gender balance in the United Nations system. While noting that recruitment policies were just one part of the solution, CCISUA believed that those recruitment policies should be linked to awareness-raising programmes and monitoring to ensure that qualified female candidates were given opportunities for recruitment at all grade levels into the United Nations system. The representative of UNISERV emphasized that one of the critical issues was the need for strengthened accountability through more rigorous use of the current accountability framework to achieve gender parity and diversity. Though the organizations had in place the necessary tools and frameworks for monitoring accountability in reaching gender targets and diversity, the federation considered that these tools required strengthening and increased utilization. This could be done, inter alia, by enlarging the scope of accountability of achieving the gender target; having stronger self-evaluation by departments; increased monitoring by oversight bodies; and improved work-life balance policies to encourage diversity in the recruitment and retention of women.

130. The Commission took note that the analysis of the workforce demographics of the United Nations system presented in the report was based on the most recent statistics available on the number and percentage of women in all organizations of

the United Nations system, as provided in the report of the Secretary-General on the improvement in the status of women in the United Nations system (A/67/347), which was prepared by UN-Women. In reviewing the data and information, the Commission noted that there had been some improvements in achieving the goal of gender balance, but expressed its concern at the insignificant improvements made at the D-1 level and above.. The Commission emphasized that it was essential to secure the participation of women in the decision-making process, especially at managerial levels in order to expect concrete advancement in the status of women. Some Commission members, however, noted that the progress made within the United Nations system had been comparable or even better than in most national civil services and that the efforts made by the organizations in this regard should be recognized.

131. With regard to the regional representation of women in the organizations of the United Nations common system, the Commission observed that the trend was consistent with previous years. Women from Western Europe and North America constituted more than a half of the population of Professional women (55.1 per cent) while the proportion of Professional women from Africa, Asia, Eastern Europe, Latin America and Caribbean and other combined represented only 44.9 per cent overall. It was found that the trend was similar for men, as Professional men from Western Europe and North America constituted nearly half of the population of Professional men (46.1 per cent). The Commission was of the view that these figures advocated the need for greater integration of diversity elements into recruitment, in particular related to geographical balance. While noting that this regional disparity of women was closely related to the criteria used to set the desirable ranges by the governing bodies of the organizations, the Commission considered that yet more could be done to narrow down the gap between women from "developed" and "developing" countries in the workforce. The Commission noted the share of women varied by region (40.0 per cent for Asia; 30.7 per cent for Africa; 44.7 per cent for Latin America and the Caribbean; 45.4 per cent for the Western Europe and Others Group; and 39.3 per cent for Eastern Europe), and requested more detailed analysis of the situation by grade level and the region of origin of staff members in future reports. Some Commission members pointed out that perhaps measures needed to the taken by the organizations concerned whereby equally qualified female candidates from developing countries could be given preference over female candidates from developed countries or overrepresented regions, and that the underrepresented regional groups needed to search for and nominate more female candidates.

132. In terms of policies and measures to achieve gender balance, the Commission noted that these were already in place; what was lacking was the effective implementation of those. The Commission also noted that most common system organizations appeared to be comparable to other global employers. In this regard, the Commission recognized the need for robust and credible accountability mechanisms that would give strength to the policy of gender balance. The Commission stressed the need for a coordinated and harmonized approach in devising long- and short-term measures to attract and retain competent women and men. It stated that organizations of the United Nations common system should lead as true employers of choice by supporting an organizational culture where gender parity and diversity created an inclusive work environment, and where both women and men were equally empowered and valued.

133. In general, the Commission was of the view that it was not necessary to implement drastic measures towards achieving gender balance in the organizations of the common system. Rather, incentives or measures were needed to encourage the mobility of women, especially to field duty stations, including difficult and non-family duty stations. Any such measures should not compromise the professionalism and competence of staff and should be implemented in conformity with the provisions of Articles 8 and 101 of the Charter of the United Nations, in order to eliminate the existing barriers that impede attracting, recruiting and retaining qualified women to the organizations of the common system.

134. The Commission stressed the need for equity in the overall approach to gender balance in the common system. Therefore, the process required a set of policies aimed at ensuring equality in opportunity during the entire staff career cycle, from ensuring gender balance in the pool of candidates for jobs and in the composition of interview panels, in recruitment policies, retention measures, work-life policies, career development and advancement, staff well-being measures and separation policies. As the imbalance at the higher levels was significant, some Commission members highlighted the importance of the internal promotion of female staff to higher levels by instituting appropriate career paths within the system, in addition to vigorous recruitment policies and outreach activities. It was also noted that special training programmes for recruitment officers, selection boards and review bodies would be useful for preparing them to overcome barriers in achieving gender balance, together with the principle of wider geographical representation. The Commission was also of the view that the diversity aspects of the workforce in terms of gender balance and geographical distribution should be fully integrated into its ongoing review of the common system compensation package as well as into its framework for human resources management.

135. The Commission recognized the important role and efforts of the new entity, UN-Women, on holding the organizations of the United Nations system accountable for its own commitments on gender equality, including regular monitoring of system-wide progress. It emphasized the importance of coordinating with UN-Women in order to increase the effectiveness with regard to data collection and information-sharing. At the same time, it was also important not to duplicate efforts in order to minimize the time and cost involved in conducting the required comprehensive surveys and detailed analyses. Therefore, the Commission was in agreement that its secretariat should liaise with UN-Women regarding data collection and information-sharing on gender balance in the United Nations system.

136. The Commission was of the view that the two agenda items under consideration at the session, namely, diversity (including geographical distribution) and gender balance, contributed, complemented and in some cases, conflicted with each other. Therefore, it was agreed that both items should in the future be reviewed by the Commission in one report so that the issues as well as associated challenges, barriers, and action plans could be presented in a holistic manner.

**Decision by the Commission**

137. The Commission decided:

(a) To take note of the progress made with regard to the status of women in the Professional and higher categories in organizations of the United Nations

common system, while expressing its concern that the goal of 50/50 gender balance remained unmet, especially at the D-1 level and above;

(b) To urge organizations to fully implement existing gender balance policies and measures, including the Commission's previous recommendations outlined in documents A/63/30 and A/64/30 and Corr.2;

(c) To underscore the importance of integrating gender balance and geographical distribution into its ongoing review of the United Nations common system compensation package;

(d) To request its secretariat to coordinate with UN-Women in the preparation of its reports on this item; and to align the monitoring cycle with the reporting cycle of UN-Women in order to obtain the most recent data and information on gender balance in the organizations of the United Nations system;

(e) To monitor future progress in achieving gender balance in the organizations, together with geographical distribution, as a part of a comprehensive report on diversity in the United Nations common system;

(f) To request its secretariat to provide a report, based on the latest information, and thereafter monitor future progress in achieving gender balance in the organizations of the United Nations common system every four years.

## B. Diversity in the United Nations common system: study of recruitment policies

138. In its resolution 64/231, the General Assembly requested the Commission to review measures taken by organizations participating in the common system concerning the implementation of paragraph 3 of Article 101 of the Charter of the United Nations. At its seventy-third session, the Commission reviewed geographical distribution in the organizations of the common system and decided to inform the General Assembly of the status of such distribution and the actions being taken by organizations and their governing bodies to achieve geographical balance. It further considered that the General Assembly's request could best be carried out by focusing on recruitment policies and the elimination of barriers to recruiting from as wide a geographical area as possible. It therefore decided to study recruitment policies with a view to recommending to organizations measures that would be more favourable to diversity and to eventually discuss diversity in the organizations more broadly at a later date. The General Assembly endorsed this decision at its sixty-sixth session (see resolution 66/235 A, sect. B.4, para. 2).

139. At its seventy-eighth session the Commission considered measures that organizations of the common system had taken to successfully attract and recruit staff to enable them to secure as diverse a workforce as possible, while at the same time ensuring that the best qualified person was appointed to each position. The Commission was informed of recruitment procedures, outreach programmes and organizational structures that had been put in place to create awareness of vacancies and to stimulate the interest of a broad cross-section of qualified persons especially from underrepresented and unrepresented Member States. It further reviewed diversity policies within organizations (see annex II to the present report), as well as barriers to diversity in organizations. Barriers to achieving diverse workplaces were reported as:

(a) The lack of family-friendly facilities in some field duty stations;

(b) The limited availability of candidates for some highly specialized positions;

(c) Too few qualified female applicants for positions in some occupational fields.

**Discussion in the Commission**

140. The Human Resources Network considered that the study on recruitment practices in the context of diversity was a good general overview of the various practices in the organizations. It noted the barriers to further diversity, as mentioned in the secretariat's report, and emphasized that organizations had established different systems for achieving diversity depending on the requirements for them to successfully recruit the talents that would suit their unique needs. The Network assured the Commission that organizations were committed to the concept of respect for diversity and the maintenance of diverse workforces. They intended to continue efforts to launch various outreach initiatives to broaden candidate pools. Their final goal was the development of an inclusive workforce. Initiatives towards the achievement of this goal were not limited to recruitment policies but included work-life balance policies, training, succession planning and other best practices. Representatives of some organizations shared results of internal surveys and statistics with the Commission and highlighted some of the barriers they encountered with regard to maximizing diversity in their respective organizations. One organization requested ICSC to bear in mind policy positions that various United Nations bodies were advocating across the world when the Commission developed work-life policies for United Nations staff members.

141. The representative of FICSA informed that the Federation had followed the work undertaken by the Commission and the organizations in the areas of gender and diversity with great interest. The Federation was satisfied with the advancements made towards reaching parity without jeopardizing the fairness and integrity of the selection process that would enable the best qualified candidate to be selected for a position.

142. The representative of CCISUA stated that discussions on the diversity of organizations' workforces should take into consideration those who worked for the United Nations on "non-staff" contracts. The representative expressed that although many unanswered questions remained, the report had raised awareness of diversity issues and highlighted the range of issues that required attention, including the importance of training and the role of management and staff in ensuring diversity. The representative further observed that merely focusing on recruitment policies and practices would not be sufficient to resolve problems of diversity in organizations. An entire package of actions would be needed, coupled with closer analysis of the composition of the organizations' staff profiles. Providing career opportunities and recognition might also bring about changes to the demographic profiles of organizations. CCISUA was therefore suggesting that fuller analysis be carried out before actions were taken to address the inadequacies identified.

143. The representative of UNISERV noted that the report had addressed both the problems encountered and suggested solutions and added that the will to improve diversity had always existed in the organizations but that "buy-in" and

accountability at the senior management level were critical to its achievement. The representative suggested greater use of the current accountability frameworks and other tools for the achievement of gender and other diversity targets that were already in place in organizations. CCISUA recommended that those tools and frameworks be strengthened by enlarging the circle of accountability with respect to performance against the gender target; improving self-monitoring by departments, increased monitoring by oversight committees and improving and implementing policies for work and life balance to encourage diversity in the recruitment and retention of women.

144. The Commission emphasized that the goal of diversity within the United Nations common system was to develop an inclusive workforce, in which different voices were heard and respected. In that regard, it stressed that diversity in the organizations should be viewed as allowing equal opportunities for everyone and preventing any kind of discrimination while at the same time being careful that privileged or preferential conditions were not being created for specific groups. It recalled General Assembly resolution 61/244 which states, inter alia, that recruitment, appointment and promotion of staff shall be without distinction as to race, sex or religion, in accordance with the principles of the Charter. The priority was to have competent staff, as stipulated in Article 101, section 3, of the Charter and confirmed in various resolutions of the General Assembly. The Commission commended the organizations for their work in this area and noted that at least one organization had reported that it had achieved its target for geographical representation.

145. The differences in recruitment practices and methods used by organizations to attract and retain diverse staff were noted. It was considered that organizations would benefit from the sharing of ideas and practices. The Commission observed that gender goals had not been achieved and that geographical distribution was unsatisfactory in most organizations. Although those issues, it conceded, could not be remedied overnight, the Commission would continue to monitor them. The Commission further acknowledged that, in some instances, conflicts could emerge when implementing policies to simultaneously improve both geographical representation and gender parity, which in the context of the United Nations were identified as the two most important elements of diversity. It nevertheless urged organizations to endeavour to establish supportive and respectful working environments, especially in hardship locations and to develop training courses on diversity awareness for all staff members.

146. When it had discussed diversity in 2011, the Commission had stated that it had a role in initiating policy frameworks for diversity in the common system (under arts. 14 and 16 of its statute). It considered that it would discuss a definition for diversity in the context of the United Nations. At its seventy-eighth session, the Commission contemplated the elements for such a definition. The view was expressed that the nexus between geographic diversity and multiculturalism should be recognized. Different ways of thinking about issues or different world views, rather than merely balanced geographical representation should be central to the functioning of the organizations of the United Nations. This concept needed to be defined. It was felt that various concepts and policies within the system were not "culture neutral" and tended to reflect the values of a dominant culture. Organizations should ensure that mechanisms existed to allow all the different

cultures to participate equally in their work. It was reported that one organization had launched a pilot to test the cultural neutrality of its assessment processes.

147. The Commission considered the current discourse on the differences between generations in the workplace and the possibilities for tension or conflict. It was argued that age distribution was not currently an issue within the system, as less than 10 per cent of the current staff was younger than 35 years of age. It was pointed out that there were observable differences in the behaviour of different generations in the workplace, including in areas of leadership styles and how they interacted. Moreover, it was recalled that in the current compensation review, there had been significant reflections on the specific talents of each generation and how each was motivated. The Commission eventually decided to include generational diversity as an area of focus. Language competencies and multilingualism was the final aspect of diversity that the Commission decided to include in the common system's definition.

148. In conclusion, the Commission decided to place diversity, including geographical distribution, on its work programme for periodic review. The report on gender parity would in the future also form part of the report on diversity. Although determinations on geographical distribution fell under the purview of the General Assembly and the governing bodies of the organizations, observations by ICSC would be brought to the attention of the General Assembly.

**Decisions of the Commission**

149. The Commission decided:

(a) To review diversity periodically, including geographical representation and gender balance;

(b) To include the following elements in the definition and scope of diversity as it relates to the United Nations common system:

(i) Cultural diversity (multiculturalism);

(ii) Generational diversity;

(iii) Gender parity;

(iv) Multilingualism;

(c) To request its secretariat, in consultation with organizations, to develop a compendium of good practices concerning inclusiveness and diversity.

## C. Base/floor salary scale and review of staff assessment rates used in conjunction with gross salaries

**Base/floor salary scale**

150. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in section I.H of its resolution 44/198. The scale was set by reference to the General Schedule salary scale of the comparator civil service, currently the United States federal civil service, excluding any locality pay. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI, at the

dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively). The adjustments are implemented by means of the standard method of consolidating post adjustment points into the base/floor salary, that is, by increasing base salary while commensurately reducing post adjustment.

151. The Commission was informed that a 1 per cent increase had been implemented in the comparator's base General Schedule scale effective 1 January 2014. Minor changes were also introduced in the United States tax schedules at the federal level for 2014. For the State of Maryland, the State of Virginia and the Federal District of Columbia, no changes were recorded in the tax legislation for 2014.

152. On the basis of the considerations set out above, the annual system-wide financial implications resulting from an increase in the base/floor salary were estimated in United States dollars, as follows:

| | | |
|---|---|---|
| (a) | For duty stations with low post adjustment where net salaries would otherwise fall below the level of the new base/floor | 0 |
| (b) | In respect of the scale of separation payments | 509 000 |

**Review of staff assessment rates used in conjunction with gross salaries**

153. In its resolution 66/235 A, the General Assembly had endorsed the Commission's recommendation to review the staff assessment rates used in conjunction with gross salaries every three years, for revision as appropriate. As the last such review had taken place in 2011, the secretariat had held discussions with the United Nations Secretariat to ascertain whether there was a need for any adjustment to the staff assessment rates used in conjunction with gross salaries.

**Discussion in the Commission**

154. The Human Resources Network took note that the freeze in the comparator civil service had been lifted with the granting of a 1 per cent increase effective 1 January 2014. It further took note of the related financial implications relating to separation payments which were linked to base/floor salary. The representatives of the staff federations, noting that increase in the comparator civil service salaries, supported an increase in the base floor salary scale.

155. The Commission noted that, in accordance with the normal adjustment procedure, in order to reflect the salary increase in the General Schedule as well as the impact of the tax changes referred to above, the base/floor scale would need to be adjusted upward by 1.01 per cent as at 1 January 2015. This would be implemented through the standard no-loss-no-gain procedure, that is, by commensurately decreasing post adjustment. While generally cost neutral in terms of net remuneration, the base scale adjustment procedure would have implications in respect of separation payments, as indicated above.

156. With regard to the review of the staff assessment rates, the Commission noted that according to the United Nations Secretariat, the present balance of the tax equalization fund did not require any adjustment of the staff assessment rates at the

present time. Accordingly, in line with its earlier recommendation, as endorsed by the General Assembly in its resolution 66/235 A, the next review of the staff assessment rates would normally be conducted in 2017 unless a change in the situation of the tax equalization fund necessitated earlier action. In this connection, it was also necessary to bear in mind any implications arising from the ongoing review of the compensation package that might have implications for staff assessment and the tax equalization fund.

**Decisions of the Commission**

157. The Commission decided to recommend to the General Assembly:

(a) For approval with effect from 1 January 2015, the revised base/floor salary scale for the Professional and higher categories, as shown in annex III to the present report, reflecting a 1.01 per cent adjustment, to be implemented by increasing the base salary and commensurately reducing post adjustment multiplier points, resulting in no change in net take-home pay;

(b) That no revisions were necessary at the present time to the staff assessment rates used in conjunction with gross base salaries.

## D. Evolution of the United Nations/United States net remuneration margin and margin management around the desirable midpoint

### 1. Evolution of the United Nations/United States net remuneration margin

158. Under a standing mandate from the General Assembly, the Commission reviews the relationship between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of United States federal civil service officials in comparable positions in Washington, D.C. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both civil services.

159. With the lifting of the statutory freeze in United States federal pay adjustments, which had been in effect from 1 January 2011 until 31 December 2013, a 1.0 per cent general increase was granted as at 1 January 2014 for all statutory pay systems in the comparator civil service.

160. Also, relevant to the comparison were the following:

(a) Revisions in the federal tax brackets and standard and personal deductions, which resulted in slight reductions in overall income taxes in the Washington, D.C., metropolitan area;

(b) A post adjustment multiplier of 68.4 in New York for the period from January to December 2014 and the current net base/floor salary scale that became effective on 1 January 2014;

(c) The matrix of grade equivalencies between the United States federal civil service and the United Nations common system approved by the Commission in 2010 at its seventy-first session;

(d) A revised cost-of-living differential between New York and Washington, D.C., estimated at 112.7.

161. On the basis of the above, the Commission was informed that the estimated net remuneration margin for 2014 amounted to 117.4, with the corresponding five-year average (2010 to 2014) amounting to 116.4. The details of the comparison are shown in annex IV to the present report.

### 2. Margin management around the desirable midpoint

162. In section II.B, paragraph 5, of its resolution 68/253, the General Assembly recalled that the five-year average of the net remuneration margin should be maintained around the desirable midpoint of 115, and requested the Commission to submit to the Assembly, no later than at the main part of its sixty-ninth session, recommendations on the range of actions and time schedules that would bring the margin back to its desirable midpoint. The Commission considered possible options in response to the Assembly's request as follows:

(a) Implementing a reduction in net remuneration;

(b) Freezing net remuneration;

(c) Increasing net remuneration at a slower rate than the comparator civil service.

#### Discussion in the Commission

163. The representative of the Human Resources Network noted the trend in the calendar year margin towards the desirable midpoint of the margin range. It considered that any actions should take into account the needs of margin management and ensuring purchasing power parity within the common system, and supported a continued freeze in net remuneration in New York to bring the margin back to the desirable midpoint.

164. The representative of FICSA did not support a cut in net remuneration. While understanding the concerns of the General Assembly, he supported the option of a gradual increase so that the margin would go back to the desirable midpoint over time. The representatives of CCISUA and UNISERV considered that the existing margin management procedures had largely worked well. The Assembly had on multiple occasions reiterated the margin range and the desirable midpoint. Given that the midpoint was not mandatory, no freeze or cuts in net remuneration were warranted as long as the margin level was within the established margin range. UNISERV added in this regard that the lack of symmetry in margin management procedures was an area that could be considered for improvement in the course of the comprehensive review of the common system compensation package.

165. The Commission noted that the margin management procedures had functioned satisfactorily over a period of more than two decades. In this regard it noted that the margin had been below the desirable midpoint for close to 15 years until 2012 when the prolonged freeze in the comparator civil service's pay had led to the increase of the margin close to its limit of the established range. This development was unprecedented and was based on domestic political considerations.

166. The Commission observed that the net remuneration margin had decreased from the 2013 level and noted that the movement of the margin towards the desirable midpoint had developed in accordance with its expectations. The increases in the comparator civil service's pay and the freeze in the United Nations net

remuneration in New York had moved the calendar year margin closer to the desirable midpoint. While the calendar year margin was still above the desirable midpoint, the Commission took note of the direction in which it was trending, especially given the likelihood of a further increase in the comparator's net remuneration in 2015.

167. The Commission considered the level of the margin in the context of the request of the Assembly in its resolution 68/253, section II.B, paragraph 5 (see para. 162 above). While noting that certain member States had implemented reductions to salaries in their civil services, members of the Commission also noted that some, including the comparator civil service, had opted to freeze salaries for a period of time. Depending on the extent of any action to reduce net remuneration on the United Nations side, an immediate or gradual reduction of the net remuneration margin to the desirable midpoint could be achieved. There was, however, general agreement that a reduction in remuneration was not in the best interests of the organizations and might affect staff motivation and morale.

168. On the other hand, members of the Commission noted that any increase in United Nations net remuneration, even if smaller than the increases granted in the comparator civil service, would prolong the movement of the calendar year margin towards the desirable midpoint. Therefore, they did not consider this approach desirable.

169. The Commission supported a continued freeze in United Nations net remuneration until the calendar year margin was brought to its desirable midpoint. The Commission noted that, assuming a continued freeze in net remuneration on the United Nations side, on the assumption of continued increases of 1 per cent in each of the next few years on the comparator side, the calendar year margin would be expected to reach a level around the desirable midpoint approximately within the next two years.

170. The Commission noted that the five-year averaging of the margin appeared to introduce instability in the margin management procedures which could have implications for net remuneration, as illustrated in the example in annex IV. Under the averaging procedure, years in which the calendar year margin was above the desirable midpoint would have to be compensated for by other years in which the margin would need to be below the desirable midpoint by the same extent. The average margin could also move in the opposite direction of the calendar year margin as illustrated, for example, by the present situation, where the five-year average had increased from 115.7 in 2013 to 116.4 in 2014, while the calendar year margin had decreased over the same period from 119.6 to 117.4. Alternatively, the aforementioned instability in net remuneration could be avoided if the calendar year margin was brought to a level of 115 and maintained at that level for a period of five years, thus producing an average margin of 115. However, such a procedure would seem to render the average margin redundant. The Commission considered that such issues of the management of the margin should be examined in the context of the ongoing review of the remuneration package.

**Decisions of the Commission**

171. The Commission decided to report to the General Assembly that the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the

United States federal civil service in Washington, D.C., for the calendar year 2014 amounted to 117.4 and its five-year (2010-2014) average amounted to 116.4, which was above the desirable midpoint of 115.

172. Having reviewed the range of actions and time schedules that would permit the margin to be brought back to its desirable midpoint, the Commission decided that:

(a) The normal procedure for management of the margin within the established range would be suspended until further notice;

(b) The freeze in net remuneration in New York would be continued until such time that the margin had been brought back to its desirable midpoint.

## E. Post adjustment matters

### 1. Report of the Advisory Committee on Post Adjustment Questions on its thirty-sixth session

173. Pursuant to article 11 of its statute, the Commission continued to keep under review the operation of the post adjustment system and in that context considered the report of Advisory Committee on Post Adjustment Questions on the work of its thirty-sixth session. Convened as part of the ongoing review of the United Nations common system compensation package, the Advisory Committee undertook a number of pertinent studies, at the request of the Commission.

174. The secretariat presented the main findings from these studies, as outlined in the report, which contained some recommendations related to the possible simplification of the post adjustment index structure, a harmonized specification of the out-of-area weight for all duty stations, the feasibility of using price data collected under the European Comparison Programme for purposes of establishing post adjustment for all covered group I duty stations, the use of statistical regression modelling to assist the Commission in making the essentially administrative decision of classifying duty stations for the purposes of post adjustment, as well as a review of the rental subsidy scheme.

#### Summary of recommendations

175. After an extensive analysis of the structure of the post adjustment index, the Advisory Committee affirmed that the index ensured a proper and methodologically sound estimation of the cost-of-living differential between duty stations and the base of the post adjustment system, based on the expenditure patterns of the United Nations common system staff population, thereby fulfilling the role for which it had been established. While it was possible to simplify the post adjustment index structure by excluding one or more of its components, this would also lead to the undesirable side effect of increasing the disparities between low and high cost-of-living duty stations, higher overall costs in terms of staff salaries, and to complexities in the administration of salaries and allowances relative to the current compensation system. Consequently, the Advisory Committee found the current structure of the post adjustment index to be fit for purpose and saw no compelling reason, technical or otherwise, to change it. However, it recommended that the Commission consider modifications to the operational rules governing the post adjustment system as a means of improving the stability and predictability of salary

adjustments, as well as ensuring the sustainability of the United Nations common system remuneration system over time.

176. The Advisory Committee recommended the use, with effect from the next round of surveys, a harmonized specification of the weight of the out-of-area component for all duty stations; with financial implications in terms of increases in net remuneration estimated at about $13 million per annum for group I duty stations. Furthermore, the Committee had, at an earlier session, also recommended a new methodology for calculating the rent index for all group I duty stations, based on weights derived from ICSC staff housing surveys, with financial implications, in terms of system-wide reductions in net remuneration, estimated at about $56 million per annum for group I duty stations.

177. The Advisory Committee recommended the use of European Comparison Programme (ECP) average price data in the calculation of post adjustment indices for all covered group I duty stations, while retaining the current method of sourcing price data for group I locations not currently covered by ECP. On the basis of information collected from a rental subsidy survey conducted by the secretariat, the Advisory Committee concluded that most of the policies of the Commission regarding the practical implementation of the rental subsidy scheme were being followed by United Nations common system organizations, but recommended that the Commission consider providing further regulation or more precise guidance in relation to some specific aspects of the scheme. Since, under the current design of the rental subsidy scheme, there was no longer a trade-off between rental subsidy and post adjustment, a desirable feature of the scheme at its inception, and essential for any efforts at harmonization of the application of the scheme between group I and group II duty stations, the Advisory Committee recommended that further research be conducted with the objective of identifying the conditions under which an effective trade-off between rental subsidy and post adjustment could be restored for all duty stations.

**Discussion in the Commission**

178. The representative of the Human Resources Network acknowledged that an in-depth revision of the current structure of the post adjustment index was not technically necessary, and might lead to larger disparities and fluctuations in salaries across the United Nations common system, thus decreasing cost predictability. She therefore expressed support for the modification of operational rules governing the post adjustment system, as a means of simplifying and enhancing the predictability of the remuneration system. The representatives of the staff federations concurred with the views expressed by the Network, adding that any change to the post adjustment index structure ran the risk of complicating the remuneration system and creating disparities in compensation across different types of duty stations.

179. A member of the Commission pointed out that a significant amount of time and expertise had been devoted to the development of the current post adjustment index structure over the years, with the result that the existing structure was fit for purpose, transparent, predictable, and cost-effective. He stressed that there was no justification for removing any post adjustment index component, as each of these components had a clear and logical rationale for inclusion in the index, adding that removing any of the components from the index would complicate, rather than simplify, the remuneration system. In this connection, the secretariat reiterated the

negative effects of excluding any of the candidate components, citing this as the reason why previous attempts at excluding some components from the post adjustment index structure had been reversed. However, some members of the Commission called into question the rationale for the inclusion of the out-of-area component, even as they acknowledged its stabilizing effect on the post adjustment index. They, however, expressed confidence in the technical competence and independence of the Advisory Committee and, on that basis, endorsed its recommendation regarding the structure of the post adjustment index, as well as all other recommendations as outlined in the report. They also expressed the hope that the proposed research on the rental subsidy scheme and further streamlining of the post adjustment system would help to eliminate the possibility of duplication and double counting in the remuneration structure.

180. Members of the Commission agreed that the proposed modifications to the operational rules governing the post adjustment system would lead to a more predictable, transparent, and sustainable remuneration system and suggested that the secretariat conduct the necessary empirical analysis of the proposals for the review of the Advisory Committee at its next session. They also endorsed all other recommendations of the Committee, as outlined in the report. Finally, the Commission requested the secretariat to initiate preparations for the next round of place-to-place surveys, and submit proposals in this regard for the review of the Advisory Committee at its next session.

**Decision of the Commission**

181. The Commission:

(a) Approved the recommendations of the Advisory Committee, as outlined in paragraphs 175-177 above;

(b) Requested the secretariat to initiate preparations for the next round of surveys and to submit proposals in this regard for the review of the Advisory Committee at its next session.

### 2. Proposals on synchronizing the post adjustment classification review cycles at headquarters duty stations and other group I stations

182. In response to the request from the General Assembly, which, in its resolution 68/253, had requested the Commission to review and submit to the General Assembly at its sixty-ninth session, proposals on synchronizing the post adjustment classification review cycles at headquarters duty stations, the Commission considered two proposals submitted by its secretariat in this regard.

183. A post adjustment classification review entails the updating of all components of the post adjustment index to account for exchange-rate fluctuations and inflation, sometimes, but not always, leading to a real increase in net take-home pay. Under the existing operational rules governing the post adjustment system, the reviews for headquarters and other group I duty stations are conducted once a year, at different points in time, with the review date varying according to the specific economic circumstances of each duty station. A review may be conducted before the statutory review date if an increase in the cost of living of 5 per cent or more is measured earlier, under the so-called 5 per cent rule.

184. The secretariat informed the Commission that the existing schedule of independent reviews had created a perception of inequitable treatment of group I duty stations. For instance, an increase in net remuneration in New York triggered a corresponding increase in the pensionable remuneration scale, meaning that staff pension contributions increased system-wide, resulting in a reduction in net take-home pay in other group I duty stations (albeit by a small amount). Synchronizing the review cycles would address this shortcoming and, at the same time, enhance the predictability of salary adjustments and simplify the budgetary forecasts and processes of United Nations common system organizations.

185. Two proposals on the synchronization of the post adjustment classification review cycles at headquarters and other group I duty stations were presented by the secretariat, as follows:

(a) Option 1: review all headquarters and other group I duty stations only once a year, on a predetermined date;

(b) Option 2: review all headquarters and other group I duty stations at least once a year, on the anniversary date of the post adjustment classification review for New York.

186. Under both options, the review of the New York post adjustment, including any related changes to pension contributions, would be implemented at the same time for all group I duty stations. In the case of option 1, salaries would be adjusted a maximum of once a year, as the 5 per cent rule triggering more than one review in a year would no longer be applicable. Thus the only difference between the two options was the abolition of the 5 per cent rule under option 1 and its retention under option 2. The secretariat assessed the impact of the proposals on its operations and concluded that there would be no significant budgetary or human resources implications under either option.

**Discussion in the Commission**

187. Representatives of the Human Resources Network expressed support for option 2, according to which all headquarters and other group I duty stations would be reviewed at least once a year, on the anniversary date of the post adjustment classification review for New York, adding that it would contribute to the predictability and transparency of salary adjustments. Representatives of staff federations also expressed support for that option. Representatives of both organizations and staff federations stressed the importance of the continued use of the 5 per cent rule for locations with higher than expected rates of inflation.

188. In response to requests for clarification, the secretariat explained that the main difference between the two options was that under option 1, the reviews for all relevant duty stations would be conducted only once a year, at regular 12-month intervals, whereas under option 2, the reviews would be conducted at least once every 12 months, with the possibility of a further review, depending on the evolution of the cost of living in New York, that is, upon the application of the 5 per cent rule. Members of the Commission agreed that the synchronization of post adjustment review cycles would enhance the transparency and predictability of salary adjustments but, at the same time, they stressed the need for addressing the possibility of galloping inflation in some locations. Finally, it was decided that the Commission respond to the General Assembly's request by submitting proposals for

the synchronization of post adjustment classification review cycles; and that retention of the 5 per cent rule be considered first by the Advisory Committee on Post Adjustment Questions, as part of its review of the modification of the operational rules governing the post adjustment system, at its next session.

**Decision of the Commission**

189. The Commission decided:

(a) That the post adjustment classifications of all headquarters and other group I duty stations should be reviewed once a year, on the anniversary date of the post adjustment classification review for New York;

(b) To refer the question of the continued use of the 5 per cent rule for group I duty stations for consideration by the Advisory Committee on Post Adjustment Questions, in the context of its review of the operational rules governing the post adjustment system, at its next session.

# Chapter V

# Conditions of service of the General Service and other locally recruited categories

## A. General Service salary survey methodologies: salary adjustments at duty stations with fewer than 30 staff

190. In 2011, with the approval of the revised methodology for conducting surveys of the best prevailing conditions of employment at duty stations other than headquarters and similar duty stations (methodology II), the Commission had decided that alternative modalities other than comprehensive surveys should be used to review salary scales at duty stations with fewer than 30 General Service staff. Consequently, it had requested the United Nations, in its capacity as the responsible agency for most duty stations, to study such modalities and report back to the Commission at a later date. At its seventy-eighth session, the Commission considered the proposals of the responsible agency for these locations which are listed as category V under methodology II and referred to as non-survey duty stations. These proposals, inter alia, related to the following:

(a) Review of salaries in each of the non-survey duty stations;

(b) Updating and/or establishing child, spouse, language and funeral allowances in the non-survey duty stations;

(c) Conducting reference checks against local labour markets to ensure the long-term competitiveness of the United Nations salaries in non-survey duty stations;

(d) Reviewing the pensionable remuneration and non-pensionable component of the salary scale in the non-survey duty stations;

(e) Placement of duty stations into, and out of, category V.

191. Given the small numbers of locally recruited staff in the category V duty stations and the fact that it would not be cost-effective to conduct comprehensive salary surveys at these locations, adopting a form of indexation mechanism to revise salaries would streamline the review process. A mechanism most closely corresponding to the United Nations past salary movements was therefore proposed, using one of the following methods: labour market indicators, consumer price indices, the movement of the salaries of comparator employer(s), externally acquired labour market data or a combination of the above.

192. To ensure that the United Nations salaries maintained their position within the better employers in the local labour market, a reference check would be conducted every five years, which would entail comparing the common system salaries in the most populous jobs with the market rates. This could be done either by using external vendor data or by conducting a simple survey of a reduced number of competitive employers, representative of both the public and private sectors. Furthermore, in high inflation situations, a cap of 20 per cent per year would be applied to an index relating to inflation or price movement. Under such circumstances, more frequent reference checks against the labour market would be conducted to ensure that the United Nations salaries have maintained their link to the labour market.

193. The establishment and periodic revisions of the dependency and other allowances would be based either on the floor amounts or on the basis of tax advantages and social payments.

194. The responsibility for monitoring local labour markets and initiating salary reviews would be contingent on the accessibility of data and could be either assigned to the responsible agency or to the local salary survey committee.

195. Finally, it was suggested that gross pensionable salaries be recalculated by applying the common scale of staff assessment at the time of the reference checks. In between reference checks, the gross pensionable salary would be adjusted on the same day and by the same percentage as the net salary (one-to-one adjustment procedure). The non-pensionable component, where it currently exists, would remain unchanged as a per cent of the total net remuneration.

**Discussion in the Commission**

196. The Human Resources Network, FICSA, CCISUA and UNISERV supported the recommendations. The United Nations and the organisations acting as lead agencies in category V duty stations reiterated their commitment to work closely with ICSC to implement the proposed recommendations.

197. The Commission noted that there were some differences in the current practice for adjusting dependency and other allowances between headquarters and similar locations, on the one hand, and all other duty stations, on the other. In the former duty stations, the allowances remained unchanged between comprehensive salary surveys, whereas for the latter duty stations the allowances adjusted every time the salary scale was reviewed. A justification for this difference was not immediately obvious and needed to be addressed.

198. The Commission was further informed that in accordance with the existing rules, as reflected in the regulations of the United Nations Joint Staff Pension Fund (art. 54 and appendix A), the gross pensionable salary of General Service staff was recalculated using the common scale of staff assessment at the time of comprehensive surveys. Between such surveys, it was adjusted on the same day and by the same percentage as the net pensionable salary (one-to-one adjustment). However, as comprehensive salary surveys were now being replaced by reference checks for the duty stations in category V, it was suggested that gross pensionable salary continued to be recalculated every time such checks were undertaken. Given the same periodicity of comprehensive salary surveys and reference checks, consistency in the approach to adjusting pensionable remuneration at all locations would thus be ensured. Hence, for the purposes of calculating pensionable remuneration, the reference checks in category V duty stations would be treated in the same way as comprehensive surveys in all other locations. According to an indication received from the Pension Fund, the situations of reference checks as proposed would be covered by the present wording of the regulations of the Fund.

199. The Commission considered it important, where feasible, to include the national civil service in a sample of comparators with which a reference check would be conducted. Also, where possible and where the necessary data were available, the movement of the national civil service salaries could also be selected for indexation. In particular, the following countries presently under category V

could be considered for this purpose: Australia, Finland, Ireland, Malta, Monaco, New Zealand, Norway, Portugal, the Republic of Korea, Singapore and Sweden.

200. Finally, in view of the General Assembly's request to the Commission in resolution 68/253 not to increase any of the allowances under its purview until the comprehensive review decided by resolution 67/257 was submitted to the Assembly for its consideration, the Commission recalled its decision not to increase dependency allowances for the General Service staff of the common system organizations in Madrid pending the presentation of its recommendations on the comprehensive review of the compensation package. It believed that this decision should be taken into account by the agencies responsible for conducting and implementing the results of surveys of best prevailing conditions of employment at other locations.

**Decisions of the Commission**

201. The Commission decided that:

(a) Adjusting salaries in duty stations with fewer than 30 General Service staff should be done using one of the following methods:

(i) Tracking a reliable economic indicator, such as the consumer price index, labour/wage index, or market salary movements obtained from a reputable external vendor; a cap of 20 per cent per year should be applied to an index related to inflation or price movement; or

(ii) Tracking the salary movements of a particular employer;

(iii) The selected modality should be tested against the United Nations salary movements at the duty station;

(b) The responsibility for initiation of an annual review should be with the responsible agency when the selected index was available online or when the review was based on tracking of salary movements of a comparator employer. Whenever the index is not available online, the local salary survey committee would monitor it and report the movement every 12 months to the responsible agency;

(c) Periodic reference checks would be conducted to ensure that salaries remained at a level comparable to that of the better employers in the local labour market by one of the following methods:

(i) Preferably, by a direct comparison of the United Nations salaries for select jobs with the prevailing market rates for similar jobs targeting the 75th percentile;

(ii) Alternatively, by conducting a simple survey of a reduced number of competitive employers representative of both the public and private sectors;

(d) A reference check also needed to be conducted when the last salary survey took place five or more years ago, or where no salary scales were previously established. The normal periodicity of reference checks would be five years. However, more frequent checks could be required in locations with sustained inflation of over 20 per cent per year or in duty stations with high turnover rate and difficulties in recruiting staff;

(e) The gross pensionable salary would be recalculated by applying the common scale of staff assessment at the time of a reference check, which would be conducted in lieu of a comprehensive salary survey;

(f) The non-pensionable component percentages would be maintained at levels previously established through comprehensive salary surveys.

(g) Subject to paragraph 203 below and, as a general approach, adjusting dependency and other allowances would be done at the time of reference checks, based on the following:

(i) The language allowance would continue to be revised on the basis of movements to the salary scale;

(ii) Where the child allowance was established based on local practice, it would be revised using relevant provisions of social security and/or income tax legislation; otherwise, it would continue to be revised on the basis of movements to the salary scale;

(iii) Spouse, secondary dependent and funeral allowances would be revised on the basis of social security and/or income tax legislation.

202. The Commission also decided that, wherever justified by the labour market based on economic circumstances in highly developed economies, it would be desirable to reference the national civil service in the adjustment of salaries in those duty stations under category V.

203. The Commission further decided to draw the attention of the organizations to its decision taken in the context of the Madrid survey, in response to the General Assembly resolution 68/253, not to increase allowances pending the submission of its recommendations on the comprehensive review to the General Assembly with a view to ensuring a consistent approach to the adjustment of the allowances at all locations.

## B. Surveys of best prevailing conditions of employment in Madrid

204. On the basis of the methodology for surveys of best prevailing conditions of employment of the General Service and other locally recruited staff at headquarters and similar duty stations (survey methodology I), the Commission conducted a survey in Madrid, with a reference date of October 2013. The new salary scale for the General Service category of the organizations of the common system in Madrid, as recommended by the Commission to the executive heads of the Madrid-based organizations, is reproduced in annex V to the present report.

205. The recommended salary scale for the Madrid-based organizations shown in annex V is 2.9 per cent higher than the current scale. The highest point of the proposed scale, GS-7/XII, is 61,144 euros or 82,963 United States dollars at the October 2013 exchange rate of 0.737 euros per United States dollar. As at 1 October 2013, this net remuneration (net base salary plus post adjustment) was around the P-2/V level at the single rate. The total annual financial implications of implementing the recommended salary scale were estimated at approximately $110,000.

206. In view of the General Assembly's request to the Commission in resolution 68/253 not to increase any of the allowances under its purview until the comprehensive review decided by resolution 67/257 was submitted to the Assembly for its consideration, the Commission decided that dependency allowances for the General Service staff of the common system organizations in Madrid would not be adjusted pending the decision by the Assembly on the annual report of the Commission for 2015 containing recommendations on the review. The Commission also decided to draw the attention of the agencies responsible for conducting and implementing the results of surveys of best prevailing conditions of employment at other locations to the above decision with a view to ensuring a consistent approach to the adjustment of the allowances at those locations.

# Annex I

## Programme of work of the International Civil Service Commission for 2015-2016

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.

2. Conditions of service of the Professional and higher categories:

(a) Base/floor salary scale;

(b) Evolution of the United Nations/United States net remuneration margin;

(c) Report of the thirty-seventh session and agenda for the thirty-eighth session of the Advisory Committee on Post Adjustment Questions;

(d) Report of the thirty-eighth session and agenda for the thirty-ninth session of the Advisory Committee on Post Adjustment Questions.

3. Conditions of service of the General Service and other locally recruited staff:

(a) Surveys of best prevailing conditions of employment at:

(i) New York;

(ii) Jamaica;

(iii) London;

(iv) Geneva;

(b) Review of the Common Classification of Occupational Groups.

4. Conditions of service applicable to both categories of staff:

(a) Review of the common system compensation package;

(b) Guidelines for agreed termination of staff;

(c) Exit interview report (Human Resources Network);

(d) Contractual arrangements: review of the implementation of the three types of contracts.

5. Monitoring of the implementation of the decisions and recommendations of the International Civil Service Commission and the General Assembly by organizations of the United Nations common system.

6. Report of the working group on the framework for human resources management.

# Annex II

## Diversity policies within the organizations of the common system

| *Policy* | *United Nations* | *FAO* | *IAEA* | *ICAO* | *IFAD* | *ITC* | *ITU* | *PAHO* | *UNAIDS* | *UNFPA* | *UNHCR* | *UNICEF* | *UNIDO* | *UNOPS* | *UNRWA* | *WFP* | *WHO* | *WIPO* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gender parity | X | X | X | X | X | X | | X | X | X | X | X | X | X | X | X | X | X |
| Prevention of harassment | | | X | | | | | X | | | X | X | | X | | | | |
| Prevention of sexual harassment | | | X | | | | | | | | | X | | X | | X | | |
| Employment of persons with disabilities | | X | X | | X | | | X | X | | X | X | | | X | | X | |
| Prohibition of discrimination | | | | | | | | | | | | X | | X | | | | |
| Prohibition of abuse of authority | | | | | | | | | | | | X | | X | | X | | |
| Geographical balance in staffing | X | X | | X | X | | X | | | | | X | X | | | X | X | X |
| Policy on HIV/AIDS in the workplace | | | | | | | | | X | | | | | | | X | | |
| Diversity and inclusion | | | | | | | | | X | | X | | | | | | | |
| Accountability framework for age | | | | | | | | | | | X | | | | | | | |

*Abbreviations*: FAO, Food and Agriculture Organization of the United Nations; IAEA, International Atomic Energy Agency; ICAO, International Civil Aviation Organization; IFAD, International Fund for Agricultural Development; ITC, International Trade Centre; ITU, International Telecommunication Union; PAHO, Pan American Health Organization; UNAIDS, Joint United Nations Programme on HIV/AIDS; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNIDO, United Nations Industrial Development Organization; UNOPS, United Nations Office for Project Services; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; WFP, World Food Programme; WHO, World Health Organization; WIPO, World Intellectual Property Organization.

# Annex III

## Salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment, effective 1 January 2015

(United States dollars)

| *Level* | | *I* | *II* | *III* | *IV* | *V* | *VI* | *VII* | *VIII* | *IX* | *X* | *XI* | *XII* | *XIII* | *XIV* | *XV* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **USG** | **Gross** | **191 856** | | | | | | | | | | | | | | |
| | Net D | 147 799 | | | | | | | | | | | | | | |
| | Net S | 133 012 | | | | | | | | | | | | | | |
| **ASG** | **Gross** | **174 371** | | | | | | | | | | | | | | |
| | Net D | 135 560 | | | | | | | | | | | | | | |
| | Net S | 122 754 | | | | | | | | | | | | | | |
| **D-2** | **Gross** | **143 073** | **146 104** | **149 138** | **152 264** | **155 427** | **158 589** | | | | | | | | | |
| | Net D | 113 443 | 115 656 | 117 871 | 120 085 | 122 299 | 124 512 | | | | | | | | | |
| | Net S | 104 219 | 106 087 | 107 948 | 109 804 | 111 655 | 113 495 | | | | | | | | | |
| **D-1** | **Gross** | **130 745** | **133 410** | **136 066** | **138 730** | **141 395** | **144 053** | **146 719** | **149 379** | **152 129** | | | | | | |
| | Net D | 104 444 | 106 389 | 108 328 | 110 273 | 112 218 | 114 159 | 116 105 | 118 047 | 119 990 | | | | | | |
| | Net S | 96 540 | 98 228 | 99 915 | 101 595 | 103 274 | 104 948 | 106 615 | 108 282 | 109 943 | | | | | | |
| **P-5** | **Gross** | **108 148** | **110 412** | **112 678** | **114 941** | **117 210** | **119 471** | **121 740** | **124 003** | **126 268** | **128 533** | **130 799** | **133 062** | **135 329** | | |
| | Net D | 87 948 | 89 601 | 91 255 | 92 907 | 94 563 | 96 214 | 97 870 | 99 522 | 101 176 | 102 829 | 104 483 | 106 135 | 107 790 | | |
| | Net S | 81 704 | 83 174 | 84 638 | 86 102 | 87 564 | 89 020 | 90 477 | 91 930 | 93 381 | 94 829 | 96 276 | 97 716 | 99 158 | | |
| **P-4** | **Gross** | **89 035** | **91 056** | **93 075** | **95 094** | **97 115** | **99 133** | **101 249** | **103 434** | **105 621** | **107 804** | **109 993** | **112 175** | **114 362** | **116 549** | **118 736** |
| | Net D | 73 338 | 74 934 | 76 529 | 78 124 | 79 721 | 81 315 | 82 912 | 84 507 | 86 103 | 87 697 | 89 295 | 90 888 | 92 484 | 94 081 | 95 677 |
| | Net S | 68 294 | 69 746 | 71 200 | 72 646 | 74 095 | 75 542 | 76 989 | 78 431 | 79 873 | 81 315 | 82 752 | 84 191 | 85 629 | 87 064 | 88 498 |
| **P-3** | **Gross** | **73 181** | **75 051** | **76 922** | **78 787** | **80 659** | **82 528** | **84 396** | **86 268** | **88 137** | **90 006** | **91 878** | **93 746** | **95 616** | **97 485** | **99 353** |
| | Net D | 60 813 | 62 290 | 63 768 | 65 242 | 66 721 | 68 197 | 69 673 | 71 152 | 72 628 | 74 105 | 75 584 | 77 059 | 78 537 | 80 013 | 81 489 |
| | Net S | 56 766 | 58 123 | 59 484 | 60 840 | 62 201 | 63 558 | 64 914 | 66 275 | 67 631 | 68 990 | 70 343 | 71 699 | 73 049 | 74 405 | 75 759 |
| **P-2** | **Gross** | **60 025** | **61 697** | **63 370** | **65 043** | **66 715** | **68 385** | **70 059** | **71 729** | **73 401** | **75 076** | **76 746** | **78 419** | | | |
| | Net D | 50 420 | 51 741 | 53 062 | 54 384 | 55 705 | 57 024 | 58 347 | 59 666 | 60 987 | 62 310 | 63 629 | 64 951 | | | |
| | Net S | 47 292 | 48 491 | 49 686 | 50 884 | 52 080 | 53 278 | 54 494 | 55 708 | 56 927 | 58 142 | 59 354 | 60 574 | | | |
| **P-1** | **Gross** | **46 956** | **48 453** | **49 941** | **51 548** | **53 152** | **54 759** | **56 367** | **57 977** | **59 580** | **61 186** | | | | | |
| | Net D | 39 913 | 41 185 | 42 450 | 43 723 | 44 990 | 46 260 | 47 530 | 48 802 | 50 068 | 51 337 | | | | | |
| | Net S | 37 649 | 38 820 | 39 991 | 41 160 | 42 329 | 43 499 | 44 669 | 45 824 | 46 974 | 48 124 | | | | | |

# Annex IV

## Comparison of the average net remuneration of United Nations officials in the Professional and higher categories in New York and United States federal civil service officials in Washington, D.C., by equivalent grade (margin for calendar year 2014)

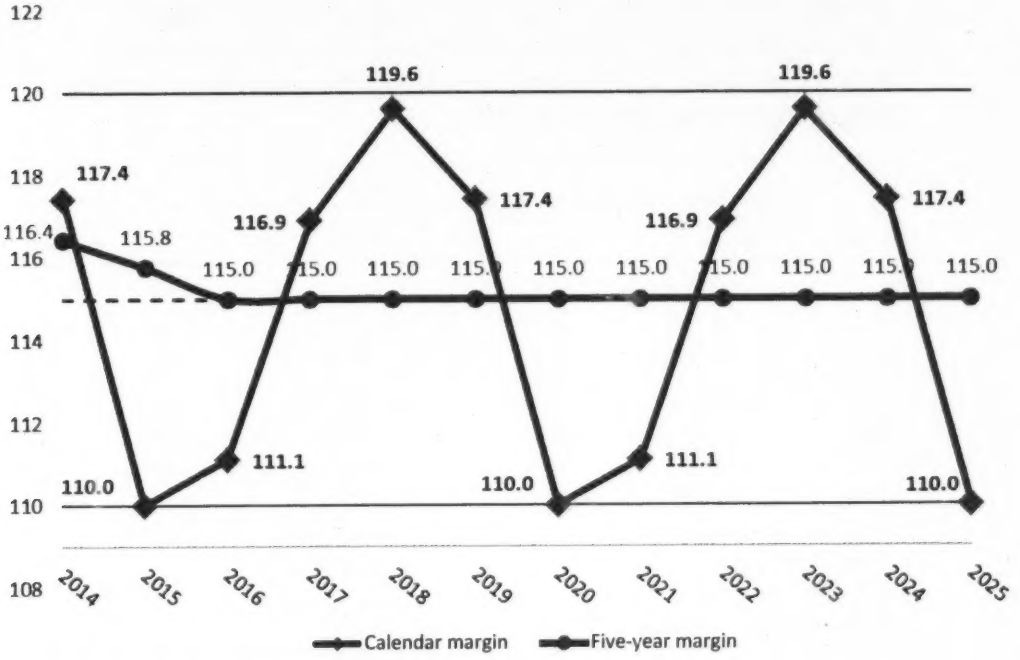
| Grade | Net remuneration (United States dollars) | | United Nations/ United States ratio (United States, Washington, D.C. = 100) | United Nations/ United States ratio adjusted for cost-of-living differential | Weights for calculation of overall ratio[c] |
|---|---|---|---|---|---|
| | United Nations[a,b] | United States | | | |
| P-1 | 76 177 | 53 660 | 142.0 | 126.0 | 0.2 |
| P-2 | 94 979 | 67 439 | 140.8 | 124.9 | 7.2 |
| P-3 | 116 262 | 86 748 | 134.0 | 118.9 | 27.9 |
| P-4 | 138 604 | 106 060 | 130.7 | 116.0 | 33.6 |
| P-5 | 162 683 | 124 529 | 130.6 | 115.9 | 22.2 |
| D-1 | 186 424 | 143 969 | 129.5 | 114.9 | 6.7 |
| D-2 | 200 359 | 153 733 | 130.3 | 115.6 | 2.2 |
| Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential | | | | | 132.2 |
| New York/Washington, D.C., cost-of-living ratio | | | | | 112.7 |
| Weighted average ratio, adjusted for cost-of-living differential | | | | | 117.4 |

[a] Average United Nations net salaries at dependency level by grade, reflecting 12 months at multiplier 68.4 on the basis of the salary scale in effect from 1 January 2014.

[b] For the calculation of the average United Nations salaries, personnel statistics of the United Nations System Chief Executives Board for Coordination as at 31 December 2012 were used.

[c] These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2012.

**Illustration of five-year average margin management at the desirable midpoint**



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# Annex V

## Recommended net salary scale for staff in the General Service and other locally recruited categories in Madrid

(Euros per annum)

Survey reference month: October 2013

| | *I* | *II* | *III* | *IV* | *V* | *VI* | *VII* | *VIII* | *IX* | *X* | *XI* | *XII*[a] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G-1 | 22 819 | 23 437 | 24 055 | 24 673 | 25 291 | 25 909 | 26 527 | 27 145 | 27 763 | 28 381 | 28 999 | 29 617 |
| G-2 | 25 788 | 26 482 | 27 176 | 27 870 | 28 564 | 29 258 | 29 952 | 30 646 | 31 340 | 32 034 | 32 728 | 33 422 |
| G-3 | 29 140 | 29 926 | 30 712 | 31 498 | 32 284 | 33 070 | 33 856 | 34 642 | 35 428 | 36 214 | 37 000 | 37 786 |
| G-4 | 32 930 | 33 820 | 34 710 | 35 600 | 36 490 | 37 380 | 38 270 | 39 160 | 40 050 | 40 940 | 41 830 | 42 720 |
| G-5 | 37 122 | 38 124 | 39 126 | 40 128 | 41 130 | 42 132 | 43 134 | 44 136 | 45 138 | 46 140 | 47 142 | 48 144 |
| G-6 | 41 823 | 42 951 | 44 079 | 45 207 | 46 335 | 47 463 | 48 591 | 49 719 | 50 847 | 51 975 | 53 103 | 54 231 |
| G-7 | 47 130 | 48 404 | 49 678 | 50 952 | 52 226 | 53 500 | 54 774 | 56 048 | 57 322 | 58 596 | 59 870 | 61 144 |

[a] Longevity step.